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ABSTRACT

At this hearing, part of a series of hearings on the reauthorization of the Higher Education Act of 1965, the Secretary of the Department of Education, Lamar Alexander, gave testimony designed to present the Bush administration's recommendations on reauthorization of the Act to the Congress. Before the Secretary's testimony the following congressional Representatives offered brief comments: E. Thomas Coleman of Missouri; Joseph M. Gaydos of Pennsylvania; William F. Goodling of Pennsylvania; William J. Jefferson of Louisiana; Marge Roukema of New Jersey; and Thomas C. Sawyer of Ohio. The Secretary then presented the administration's recommendations, a short verbal presentation followed by submission of a written report. The primary recommendations included targeting grants to lowest-income students, promoting greater accountability from individuals and institutions, improving the integrity of student loan services, establishing higher loan limits, improving outreach, expanding merit scholarships, and increasing teacher opportunities. There followed a lengthy discussion between the secretary and members of the committee. The prepared statement of Ron de Lugo, delegate to Congress from the Virgin Islands, is included. (JB)

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HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965: SECRETARY LAMAR ALEXANDER

ED342299

HEARING

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, MAY 8, 1991

Serial No. 102-71

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HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

WEDNESDAY, MAY 8, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to call, at 9:40 a.m., Room 2175, Rayburn House Office Building, Hon. William D. Ford [Chairman] presiding.

Members present: Representatives Ford, Hayes, Gaydos, Lowey, Sawyer, Payne, Unsoeld, Serrano, Andrews, Jefferson, Reed, Roemer, Kildee, Coleman, Molinari, Klug, Goodling, Petri, Roukema, Gunderson, Henry, and Barrett.

Staff present: Thomas Wolanin, staff director; Jack Jennings, education counsel; Diane Stark, legislative associate; Maureen Long, legislative associate/clerk; Gloria Gray-Watson, administrative assistant; Eliza Evans, staff assistant; Michael Lance, minority staff director; Jo-Marie St. Martin, education counsel; and Beth Beuhlmann, minority education counsel.

Chairman FORD. I am pleased to convene this hearing of the Subcommittee on Postsecondary Education this morning on the reauthorization of the Higher Education Act of 1965. Today we will hear from the Secretary of Education, the Honorable Lamar Alexander, who will present the administration's recommendations for reauthorization.

This hearing is particularly noteworthy for three reasons. First, this will be the first time that a Secretary of Education will testify before the Subcommittee on Postsecondary Education on the reauthorization of the Higher Education Act. Previous Secretaries have not been able to make up their minds in time to come over here and tell us anything, both Democrats and Republicans. So you're an exception to the rule, a pleasant one.

During the previous authorizations since the creation of the Department of Education, administrations have either been insufficiently organized or insufficiently interested to send the Secretary before this subcommittee to present their recommendations.

Second, the subcommittee will be receiving timely recommendations from the administration for this reauthorization, and this means that we will have before us as we proceed with the hearings the recommendations of the administration, the recommendations of over 150 interested national organizations that have submitted

their recommendations, and a number of bills introduced by House Members.

Therefore, we'll be able to have a full and comprehensive discussion and debate with a full range of relevant proposals before us as we proceed.

But third and most importantly, I believe that the administration is committed, as the Secretary's statement says, to improving the availability and quality of postsecondary education for all Americans. Their recommendations include serious proposals for increasing grant assistance to low income students, to restore the integrity of the student aid programs, to simplify the programs, and to provide for early outreach to students in middle school and high school.

With the administration putting these proposals before us and clearly willing to be actively engaged in the reauthorization process, we have an opportunity to go beyond tinkering and make major strides in reforming and restructuring the Higher Education Act to better serve the needs of the Nation and its citizens.

Mr. Secretary, I welcome you and your appearance before this subcommittee and look forward to hearing your statement.

Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman. I'm pinch hitting for the subcommittee chairman, Mr. Coleman, temporarily. He is with the chairman of the Agriculture Committee right now but will be here with us very soon.

I want to thank you for holding the hearing today on the reauthorization of the Higher Education Act, and for inviting the Secretary of Education, Lamar Alexander, to testify. I want to welcome him and I also want to welcome members of the press from my district who are down here watching the Congress at work today. Hopefully, they'll give a better report than people usually get in relationship to how hard we really work.

Even before our hearings began, we on the committee had already learned about a number of the problems facing higher education in the country. The integrity of the loan programs have come under serious question, and also the opportunity for middle income America to receive a higher education has become very difficult. And so I look forward to the reauthorization process and to the Secretary's testimony and, then, putting a package together with the Chairman and seeing whether we can't improve what you designed a long time ago that's good but needs to be updated.

Thank you, Mr. Chairman.

[The prepared statement of Hon. William F. Goodling follows:]

STATEMENT OF HON. WILLIAM F. GOODLING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman. I wish to thank you for holding a hearing today on the reauthorization of the Higher Education Act, and for inviting the Secretary of Education, Lamar Alexander, to testify. I would like to welcome him and thank him for his testimony in advance. I am pleased that the Secretary has already shared with us his outline for changes to the program effecting Federal student financial assistance through his letter to the Speaker.

I would also like to welcome several members of the local press from my district. They are visiting for the day and have taken this opportunity to come to Washington and watch Congress at work.

Even before our hearings began, we on the committee had already learned of a number of the problems facing higher education in this country. The integrity of the loan programs have come under serious question. As you know, defaults have risen to an unacceptably high level, over $2 billion annually is currently going to pay for the defaults of the loan program. We have also learned of the abuses in the program by unscrupulous schools swindling students and taxpayers. I very much appreciate your proposals for strengthening Title IV programs and reducing the default costs through default prevention and improvement of default collections. I feel certain that this committee will pay close attention to the proposals you suggest and I look forward to your legislative language that I understand you intend to offer later this month.

I am also increasingly concerned about middle income student access to postsecondary education. My hope for the reauthorization is that we structure programs that restore the ability of all students to participate in higher education.

Again, I wish to thank Chairman Ford for this hearing and I wish to thank the Secretary for his testimony. I am certain that your recommendations will guide us wisely for decisions we will be required to make for the reauthorization.

Chairman FORD. Does anyone on this side want to make a statement?

Mr. HAYES. Thank you, Mr. Chairman. I join the sentiments of my colleagues in welcoming Secretary Alexander here today. I, too, am very anxious to hear in greater detail the administration's proposals on the reauthorization of the Higher Education Act of 1965.

Whenever I have the opportunity to meet with students in my district, I always point out my belief that education is key to the survival of this world. I encourage them to stay in school and seek some form of higher education. This is truly my believe.

However, in our earlier hearings, Mr. Chairman, we have learned that the needs of this Nation's work force are not being adequately met by our higher education system. I hope that this Secretary will address this very issue today.

I also look forward to the Secretary addressing issues such as increasing the access to higher education for the minority students in this country. I know that you have read statistics just as I do, and so you know that minority participation and retention rates are very low. By the year 2000, 91 percent of the new work force will be minorities and women, so the issue of access must certainly be addressed.

There are many other issues which we will consider as time goes by, but in the interest of time, I will reserve any further comment and just, again, welcome the Secretary here today. And as we embark upon this reauthorization, I want to thank you, Mr. Chairman.

Chairman FORD. Mrs. Roukema.

Mrs. ROUKEMA. Thank you, Mr. Chairman. In the interest of time, I know we're pressed today and I'm very anxious, as are other members, to hear the Secretary and allow him adequate time. I would ask unanimous consent that the full context of my statement be included in the record.

Chairman FORD. Without objection, it is so ordered.

Mrs. ROUKEMA. And I would simply like to reiterate, Mr. Chairman, what many people here already know. My commitment to the Higher Education Act, and particularly my interest in the authorization of the student financial aid levels and the methodology whereby we define those levels.

It is clearly a priority for us here if we are to remain competitive in the global economy to put a higher priority on access to higher

education for all young Americans. And I know the Secretary shares that feeling.

I feel strongly that we must first dispatch our obligation to higher education and adequate funding for these programs prior to expanding into other areas, which may have great merit. But my chief concern is proper funding for the higher education programs, student loans and Pell grants.

As you know, Mr. Chairman, I have been very active in seeking reforms to stem the tide of red ink. And I think there has been excellent progress made in that area. And I look forward today to hearing what the Secretary has to say further in that regard.

Certainly, we must put a stop to this defrauding of the government, the taxpayers, and the students that is latent in the proprietary schools. I am particularly interested in the new Congressional Methodology and the question of how we treat the fixed asset, whether it be a home or the family farm. And I have legislation to that effect, Mr. Chairman, and would like to go into some serious discussion of this with the Secretary today.

Mr. Secretary, we thank you for being here and we are eager to hear your comments.

[The prepared statements of Hon. Marge Roukema and Hon. Joseph M. Gaydos follow:]

STATEMENT OF HON. MARGE ROUKEMA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Thank you Mr. Chairman.

I am very pleased that this committee is beginning a badly needed assessment of the Higher Education Act. The committee knows this member is particularly concerned with Title IV, the heart of the act, which authorizes student financial aid.

It is clear to me that the student loan and Pell grant programs can play a pivotal role in our efforts to halt the erosion from leadership of the United States in an increasingly competitive global economy. The growth of new economic powers in Asia and Europe has altered the international political landscape and will change the United States' position in the global community and the international economy. The challenge to recapture and maintain this country's economic momentum will require American higher education to provide a highly educated, highly trained labor force. The first step is to make adequate funding levels our highest priority. Before expanding to other educational programs, we must fully fund programs of proven ability.

However, as currently constituted, our Federal higher education assistance programs need an overhaul. We have already waited too long to stop the rising tide of red ink in the student loan program. For years, I have been working to reform the student loan program as well as calling for a change in the current formula used to determine student eligibility for financial assistance.

As in years past, I have introduced two pieces of legislation relating to the default problem and student eligibility. The first bill, H.R. 1118, Student Loan Reform Act, would increase available Federal funds by reducing defaults and eliminating fraudulent operations that are defrauding the Federal Government. I find it more than curious that the growth in defaults coincides closely with a growth in the trade school industry (propriety for profit-schools) and is clear evidence that the system is lacking in the necessary safeguards against fraud, waste, and abuse. Make no mistake—our aim is not to eliminate the trade school industry. However, we can and must dredge from the system the scam schools that are profiting from the taxpayer and harming deserving students.

The second bill, H.R. 1117, would remove the value of the family home, small business, or family farm from the calculation of need for Federal assistance. Too many families today are "house rich, cash poor," can't afford a home equity loan, and are disqualified from receiving Federal aid. For example, the most current up-to-date figures show that the national medium income for a "household" is $28,906—the New Jersey medium income figures for a "household" is $39,012. At the same time, many homeowners have seen their home value skyrocket over the

past decade. The current "Congressional Methodology" has resulted in the loss or serious reduction in the amount of Federal financial aid to the nearly 40 percent of New Jersey students and previously eligible students who depend on this aid to pursue a college degree.

I have had the opportunity to review the administration's proposals and I have noted the proposed changes for Title IV, student financial assistance. While I am glad to see that the administration has included many of the same provisions as I have in my bills, we must move forward.

I look forward to hearing Secretary Alexander's proposals for reauthorization, to working with the Chairman—whose years of experience provide the committee with excellent leadership—and the administration in seeking these much needed changes.

STATEMENT OF HON. JOSEPH M. GAYDOS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

The Higher Education Act of 1965 and its legislative predecessors have assisted millions of Americans achieve their educational dreams and improve the economic situations of their families.

Not only have individual families benefited from this commitment to higher education, but the Nation, as a whole, has seen a tremendous return for every dollar we have invested.

Following World War II, for example, we invested $14 billion to educate and train 7.8 million veterans. According to a study by the Joint Economic Committee, the United States got no less than $5 back for every dollar invested and, in some cases, as much as $12 back for each dollar.

By any standards, this is a significant and substantial return on investment, and demonstrates the economic value of continuing to invest in all types of education.

As a Nation, we have always prided ourselves on the diversity and accessibility of our higher education system.

We will always need our rocket scientists and physicians. I don't think anyone has ever argued against supporting these types of education. However, I am concerned that the benefits of another sector of higher education—the career training sector—may be completely overlooked in the reauthorization process.

Common sense tells us that short-term educational programs are a viable and valuable alternative for those men and women who are unemployed, underemployed, or dislocated. We may well reduce reliance on other less productive welfare benefit programs and enable unemployed, underemployed, and dislocated workers to go back to work or find a better job faster. This translates into higher tax revenues, more disposable income, and a greater return on invested educational dollars.

I thank you for coming here today, Mr. Secretary, and look forward to receiving the legislative language that will fill out the skeleton of the department's higher education proposals.

Chairman FORD. Mrs. Lowey.

Mrs. LOWEY. Thank you, Mr. Chairman. I'll be brief in the interest of time. I'm just delighted to join in welcoming the Secretary here today and I look forward to working with you on the reauthorization of the Higher Education Act. I represent Westchester County, where we have 11 institutions of higher education, and I often meet with our college presidents to discuss their needs. They're all feeling the crunch.

Student aid is critical, and I'm particularly interested in talking with you about the current controversy concerning aid to those neediest of our students who desperately need assistance if they're going to fulfill their potential.

But I'm also interested in pursuing with you what opportunities we can look at to help that middle class that is feeling crushed. In fact, just recently I spoke with a group, one mother got up and she said, "I sent seven youngsters to college." And this was a union worker, a minority union worker. And she said, "And then when the youngster got to college, I couldn't pay the $150 for books."

So it's not only the tuition; there are also other costs and supportive services, helping that youngster to college. There are a lot of opportunities for us to work together as we reauthorize this act. And I know of your commitment, and I was honored to be at the White House to hear your presentation and to participate in the briefing that you gave us on elementary and secondary education. And I eagerly await your recommendations on the Higher Education Act and I know that we can come out with an outstanding bill working together.

Thank you very much for being here today.

Chairman FORD. Steve Gunderson.

Mr. GUNDERSON. I'm passing. Let's go.

Chairman FORD. Ms. Molinari.

Ms. MOLINARI. No, thank you.

Chairman FORD. Mr. Barrett.

Mr. BARRETT. Nothing at this time, Mr. Chairman. Thank you.

Chairman FORD. Mr. Roemer.

Mr. ROEMER. Mr. Chairman, Democrats like to talk so maybe I'll take over from what Ms. Molinari was not going to say. Welcome this morning, Mr. Secretary. I just have a few very brief comments.

Pardon me?

Ms. MOLINARI. I said I may change my mind.

Mr. ROEMER. Yield your time to me?

[Laughter.]

Mr. ROEMER. Welcome, Mr. Secretary. Pardon me, Mr. Chairman?

Chairman FORD. Go ahead.

Mr. ROEMER. Even though my own Chairman has welcomed you, I would just like to welcome you. As a freshman Member of Congress, Mr. Secretary, as I go back and forth between my Education and Labor assignment and my Science, Space and Technology assignment, I hear from teachers that are pink-slipped to major CEOs in my district and throughout the United States that education is the biggest problem this country faces.

I was also at the White House briefing on education, and thank you for the invitation. I am willing to support many of the President's proposals, innovative proposals, within education. However, I think, Mr. Secretary, we've got to be able to put money into this program, money toward innovation and change and into Head Start programs that are working. Seven out of ten of kids in my district can not get into Head Start programs because that program is not adequately funded. I think we've got to be willing to put the budget priorities in education.

And finally, Mr. Secretary, I would just say that I have nine institutions of higher learning in my district. It's not just a question of jobs in the Third District of Indiana; it's a question of jobs for this whole country and our future competitiveness.

I look forward to working with you in this endeavor on higher education, as well as in the K through 12 initiative. Thank you, Mr. Secretary.

Chairman FORD. Anyone else? Mr. Sawyer.

Mr. SAWYER. Thank you, Mr. Chairman. I would request that the full text of my opening statement be placed in the record at the appropriate point, but would take this opportunity simply to say,

Mr. Secretary, that it is again a pleasure to continue this conversation that we have begun and will pursue throughout the next couple of years.

My own concerns are directed to that point in the course of this next decade, where educational trend lines and the force of demographic change in this country come together to demand that we begin to redefine the kind of important role that higher education, indeed education in general, needs to play in our society. As we examine the Higher Education Act we also need to take a look at the way in which we drive dollars to those people who may not need the full measure of a college education throughout the course of their working careers but nonetheless can benefit enormously from exposure to higher education.

We need to keep in mind the role that higher education has to play, both at traditional colleges and university settings and, also, off campus and into the work place itself.

With that, I'm going to reserve the rest of my comments for the record, but simply, again, say thank you. The work that you're doing is enormously encouraging and we look forward to being a part of it.

Chairman FORD. Without objection, the text of the gentleman's full statement will be placed in the record.

[The prepared statement of Hon. Thomas Sawyer follows:]

STATEMENT OF HON. THOMAS C. SAWYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. Chairman, I am pleased to be here today with you and my colleagues on the subcommittee to welcome the Secretary of Education.

I certainly share the administration's goals of educational excellence and expanding access to postsecondary education.

I am, however, concerned with factors that have not traditionally been seen as educational issues—demographics and the changing American and world marketplaces.

During the next decade there will be a slow-down in the number of new workers entering the American labor force, while the need for skilled workers will increase.

By the year 2000, over half of the jobs will require some postsecondary education.

An estimated 40 to 50 million Americans currently working must be able to upgrade their job skills during the next decade in order for America to remain competitive in the global marketplace.

We must find ways to bring higher education to all people who need it because this country needs each and every one of those people.

This may mean holding classes on a job site, in conjunction with local universities.

We also may need to be more flexible about giving financial aid to less than part-time students to allow them to obtain postsecondary education.

For instance, we might want to make grants and loans available to workers who need just a few courses to improve their job skills.

I look forward to working with Secretary Alexander and the administration to make this reauthorization process a positive force for productive change in higher education.

Chairman FORD. Are there any further opening statements? Mr. Jefferson.

Mr. JEFFERSON. Mr. Chairman, I recognize the need to be brief, so I will ask that the full text of my remarks be submitted.

Chairman FORD. Without objection, it is so ordered.

Mr. JEFFERSON. But I do want to say, Mr. Secretary, that since 1965, the Higher Education Act has been the main vehicle by which educational opportunities in the postsecondary context has

been expanded to students who otherwise wouldn't have had a chance to go to college.

And my major concern is to insure that these financial barriers that are now cropping up for students are diminished or removed as we go through the reauthorization process. And I'm very concerned about what has been happening in recent years as Federal resources devoted to aiding minority and low income students have been reduced, and particularly about new interpretations that have now been placed on civil rights laws that, perhaps, portend the limitation of private and State scholarship for minority and low income students.

And since, as most have pointed out this morning, what the approaching decade offers with respect to the emerging changes in the work force, it's critical that we pay attention in this area and we pay attention to it now.

In my district there are five colleges; three of them are historically black colleges or universities. There has been a recognition by the Higher Education Act of these colleges as national resources. And I frankly think that that role of awarding baccalaureate degrees to persons from these institutions has not diminished, Mr. Secretary, but has increased over the years.

And I think we have to keep the emphasis there to make sure that the flow of productivity is not stemmed and that it is, in fact, enhanced and strengthened. So with those brief remarks, I would urge that your consideration be given as we speak today on those issues and that the full text of my statement be submitted per the chair's already permitted.

Thank you, Mr. Secretary and Mr. Chair.

[The prepared statement of Hon. William J. Jefferson follows:]

STATEMENT OF HON. WILLIAM J. JEFFERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. Chairman, my distinguished colleagues on the Postsecondary Education Subcommittee, Secretary Alexander, I appreciate the opportunity to participate in this hearing on the Bush Administration's Higher Education Act proposals.

Mr. Secretary, as you mentioned in your April 30th letter to Speaker Foley, the Federal Government's commitment to enhancing equal opportunity to higher education dates back to the National Defense Education Act of 1958 that was enacted in response to the Soviet Union's launch of Sputnik. In the light of the perceived technological advancement of the Soviets, this 1958 act articulated a new national policy—"The security of the Nation requires the fullest development of the mental resources and technical skills of its young men and women. . . . This requires programs that will give assurance that no student of ability will be denied an opportunity for higher education because of financial need." We would do well as a Nation Mr. Secretary, to keep this still relevant purpose at the center of our discussions as we work to reauthorize this years Higher Education Act today.

From 1965 forward, the Higher Education Act has been the primary vehicle for expanding access to postsecondary education to all Americans. Despite the commendable progress that has resulted from the programs authorized by the act, the financial barriers that block access to higher education have not been removed for all Americans.

In recent years, Federal resources devoted to aiding minority and low income students have been reduced, and new interpretations of civil rights laws that limit State and private scholarship assistance are conspiring to limit access to college for minority and low income students. In the approaching decade, the overwhelming majority of the workforce will be comprised of minorities and women. Thus in the future, America will slip into a weaker global economic competitive position than ever before if continuous efforts are not made to augment the participation and success of low income students, minorities and women in higher education. Congress

previously found a significant need to aid "students who have been denied access to postsecondary education because of race or national origin and whose participation the American system of higher education is in the Nation's best interest so that equality of access and quality of postsecondary education opportunities may be enhanced for all students." These findings can be stated in stronger terms today, Mr. Secretary Alexander, and need to be backed by strong aggressive leadership and programs.

In authorizing Title III Institutional Aid, the Congress found that Historically Black Colleges and Universities "play an important role in the American system of higher education, and there is a strong national interest in assisting them in solving their problems and stabilizing their management and fiscal operations and in becoming financially independent." A close examination will reveal that this role has not diminished, but rather has increased and that a concomitant increase in Federal commitment to the strengthening of these institutions is warranted.

Mr. Secretary, I represent a district with five nationally recognized colleges and universities, three of which are historically black. Therefore, I will be closely scrutinizing the administration's proposals for the Higher Education Act to determine whether they are a step forward or a retrenchment on the Federal commitment to keep the doors of this Nation's colleges and universities truly open to low income and minority students. According to a Congressional Research report, college costs have been escalating at an annual rate of between 5 and 8 percent over the past few years, increases that have outpaced the rate of inflation. This means that the average student attending college for 4 years saw his or her college expenses increase from 25 to 32 percent from his or her freshmen to senior year. At the same time students and their families are feeling the effects of the dramatic shift from grants to loans as the primary source of Federal aid. According to the College Board, in the mid 1970s about 76 percent of Federal aid was awarded in the form of grants and about 20 percent in the form of loans. Today this trend has completely reversed itself. In the 1987-88 academic year, about 67 percent of Federal aid was awarded in the form of loans and about 29 percent in the form of grants.

Mr. Secretary you have noted on other occasions that "education is increasingly the key to advancement in our society," and a necessary part of achieving the American dream. I would like to see the American dream become a reality for all American students. I believe that if we are to make good on the promise that all this country has to offer is available to those who put forth their best effort, and not just to those of fortunate birth, then we must ensure that in advocating proposals for equal educational access we do not confuse solutions that sound good with good sound solutions.

Again, I commend you Mr. Chairman for calling this important hearing and I thank you Mr. Secretary for appearing here today.

Chairman FORD. Mr. Henry, did you have anything to say?

Mr. HENRY. No opening comments. Thank you.

Chairman FORD. I see that we've been joined by a former member of the committee, Mr. Pursell. We like to have him here, Mr. Secretary, because he's one of the votes we need to get the money to fund what you're going to propose here.

Anyone else?

Mr. COLEMAN. Mr. Chairman, may I? I know I've been late——

Chairman FORD. The late Mr. Coleman is with us.

Mr. COLEMAN. Welcome, Mr. Secretary. It's certainly good to have you officially before our subcommittee. I think there are several important things that we all need to address during this reauthorization, and you've touched on several of them in your remarks that you'll make shortly.

I want to emphasize several. One is that we need to restore public confidence in these programs, which have become fodder for some popular press interpretations and, sometimes, well deserved criticisms. Others, perhaps, the public perception is that all of these programs have so many problems, maybe we ought not to have them. And I think that would certainly be something that we would not agree should be. So we need to restore public confidence.

Two other things I think are extremely important. One of them has to do with that public confidence. And that is making these programs more accountable and quantifying in some fashion outputs of higher education so that we, as policy makers, might be able to better judge how our tax dollars are being spent. And so that accountability factor, I think, is very important.

And, third, I would emphasize a fairness issue that for too long now I think the middle income working families of this country feel that they, and rightfully so, have been excluded from eligibility on these programs. In the face of rising tuition and increased cost of attendance, these folks who do pay their taxes have become ineligible for even loan programs in many cases, a program that originally was designed to help working middle income families.

So I think we need to expand those eligibility opportunities for those folks, and that we look upon this as a good challenge for us in this reauthorization. I have some proposals I'd like to work with other members of this committee on trying to deal back in the middle class into some of these programs.

And, lastly, let me say how refreshing it is that the administration wants to be a player in this reauthorization. That was not the case 5 years ago. Very frankly, we look forward to working with the administration, with you personally, and your commitment to higher education, as well as elementary and secondary.

And I hope that the Department—and I'm sure you personally are—are capable of working on two tracks at once, these challenges of the elementary and secondary levels, and then also the higher education challenges on another track.

So welcome, Mr. Secretary. I look forward to working with you in this very important reauthorization.

[The prepared statement of Hon. E. Thomas Coleman follows:]

STATEMENT OF HON. E. THOMAS COLEMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. Chairman, I want to join you this morning in welcoming Secretary of Education Lamar Alexander to testify before this subcommittee on the reauthorization of the Higher Education Act.

The Higher Education Act contains over 60 programs, but the heart of the legislation is Title IV, which provides more that $20 billion annually—in grants, loans and work study—to nearly one half of the Nation's 12 million students enrolled in colleges and job training programs.

I want to emphasize that this reauthorization promises to be one of the most dramatic and comprehensive since the early 1970s. Student aid programs have, in the past several years, received unparalleled scrutiny and criticism both in Congress and in the press. As a result, I believe that we must make fundamental reforms to restore public confidence in these programs. I commend the administration's recommendations to reduce waste and fraud in student financial aid programs, and your appointment of a senior-level manager with primary responsibility to reorganize the department's administration of these programs.

Clearly, program "accountability" will be a central goal of reauthorization. We must ask ourselves—How well are our Federal student aid programs working to insure a quality education? How can the Federal Government provide incentives for broadened access to higher education, and simultaneously improve retention and increase quality education for students at postsecondary institutions?

Another of my goals for his reauthorization will be for expanding eligibility for moderate and working middle-income families. I strongly believe that this is a "fairness" question. Working, middle-income families bear a disproportionate burden of the taxes. They do not rely on the Federal subsidies on an on-going basis, but they do need short-term assistance in meeting the rising costs of a college education, which now equals what many middle-income families paid for their first home. I

also feel that increased participation by middle-income families will broaden and strengthen the political base for Federal student aid programs.

Finally, if we are to make substantive, far-reaching changes in current programs, the administration must play an active role in reauthorization.

We need to address the postsecondary educational needs of Americans who must function in a much tougher and competitive world—and I am talking about job-training programs which are a fundamental to meeting the work force needs of the coming century and about expanding resources for traditional and so-called "non-traditional" students pursuing undergraduate and graduate degrees at colleges and universities.

I understand your concern and focus on the elementary and secondary school crisis. Many of the educational problems in the postsecondary sector are rooted in the massive, structural problems of our elementary and secondary schools. Drop out rates, particularly for minorities, are simply appalling. And those who do graduate, too often leave high school without basic literacy skills.

I hope that you will balance your efforts on behalf of the pressing problem of school reform with an active role with Congress at this fundamental crossroad in postsecondary education policy-making. We look forward to your working with Congress on two tracks: on school reform and on the higher education reauthorization.

We welcome the administration's active participation and particularly welcome your meaningful involvement in the reauthorization process.

Chairman FORD. Thank you. Mr. Secretary, you may proceed. Without objection, the Secretary's prepared statement submitted to the committee will be inserted in full in the record following his statement. You can proceed in any way you deem most appropriate.

STATEMENT OF HONORABLE LAMAR ALEXANDER, SECRETARY, U.S. DEPARTMENT OF EDUCATION

Secretary ALEXANDER. Thank you, Mr. Chairman. Thank you for the invitation. I've looked forward to coming and I've enjoyed our visits prior to this day with you and with many of the other members of the committee. It's given me a little pause to realize what you said earlier, which is that I'm the first Secretary to show up at this stage in the proceedings on this subject. And it makes me think that maybe my predecessors knew something I didn't. And so they may be wiser than I am.

Chairman FORD. Well, Mr. Secretary, I won't use any names, but one of your predecessors called me about a quarter to 7 in the morning on the morning he was supposed to appear and said, "I know how hard you've been trying to get me up there, and I was ready to go, but the President called me last night and accepted my resignation. And I would not like to be sitting in front of your committee when it was announced to the world." So there has been some hazard in the past.

Secretary ALEXANDER. I try not to take any late night telephone calls.

Chairman FORD. Good idea.

Secretary ALEXANDER. I've been a parent for 20 years, a student for a number of years before that, a Governor for eight, a university president for three, and Secretary of Education for about a month. So I'm arriving very early in my tenure here, and I'm not going to pretend that I know a lot of things that I don't know.

We talked about that before. You encouraged me to come on. Mr. Goodling did the same, and Mr. Coleman. And so I hope it is all right if I bring with me some people who have been very deeply involved in an intensive review of the Higher Education Act within

the Department over the last year or so. We are looking forward to the opportunity of being a part of this process.

Ted Sanders, the Deputy Secretary, whom all of you know, is familiar with the act. And Ted has worked especially hard on trying to bring more integrity to the student financial aid programs. He and the Office of Management and Budget produced an excellent report a few weeks ago that I'd love to take full credit for, but I can't. And so when we get to that, any of those questions, I'll do my best with them. Ted is available to do even more.

I would like also to present to the members of the committee someone sitting right behind me whose name is Mike Farrell. Mike, if you would stand, if that's all right, Mr. Chairman, for just a moment. Many of you have met him. Mike is a very able manager and business leader. And he's come in to take over the, management of the spending of the annual appropriations for student financial aid.

We will be bringing into the Department, as soon as the President makes a nomination, an Assistant Secretary for Postsecondary Education. That's not what Mike plans to be, but what he does plan to do is to work hard on the question so that we spend the dollars well. That's a subject that many of you have mentioned to me, and I'm very delighted that he's come in.

Sally Christiensen and Bob Davidson are both here from the Department. They're veterans with our Department. I've worked carefully with them since I've come, and they've worked hard on our proposals. And we're all glad to be a part of the process. We think we ought to be here. We realize this is the beginning of a conversation and we'd like to be a part of the rest of the conversation.

And we understand that we'll have some ideas and you'll have some, and in the end, you'll pass a bill. But we want to be a part of that. We think that's part of the administration's responsibility.

Mr. Chairman, I don't think it's necessary for me to take the committee's time to read what I've already given you. I would like to highlight some of the points of my statement, and then stop and see if members would like to say something to me or ask questions, to which we'll then try to respond.

I mentioned earlier that we have examined carefully within the Department the Higher Education Act. I have submitted a 30 page summary of how we intend to proceed to the Speaker. We have visited informally about some of these ideas, and by the end of the month it's our intention to have to you, Mr. Chairman, our proposed reauthorization bill for your consideration. That's got to go through a number of places in the administration, but we're all on that schedule and we're still looking forward to that.

As I was thinking about what has happened, I had to think personally over the last 25 or 30 years because that's the way most of us think. And perhaps that would help put this into perspective. I was thinking back to the bipartisan role that has been played since 1958, and especially since 1965, in making it easier for Americans to continue their education beyond high school, and what a success story that has been.

It's been a success story for Americans for whom more education is a way to get from the back to the front of the line, a way to un-

derstand the world, a way to get a better job, and a way to understand and function in our democracy.

And it is also a success story because of the way the money's been distributed because it permits students to have a say in where they choose to spend the help we give them. It has helped to create a broad based, very accessible, generally affordable, highly competitive system of colleges and universities that President Bush has said is the best in the world.

Now, America does some things better than anybody else does them. And one of the things it has done is to create the best system of higher education in the world, public and private. And then the last 25 or 30 years have been a wonderful success story in making it possible for more people to go to that.

Let me take that out of the abstract and take it down to my own experience, because sometimes I think that helps. I graduated from Maryville High School on the edge of the Great Smoky Mountains in the year 1958 and had to think about where to go to college. There were no Federal grants or loans for me at that time except about $30 million that were a part of the National Education Defense Act.

In 1991, or for 1992, the year we're talking about, we're talking about that $30 million from 1958 that was available to me or my classmates graduating that year; instead of $30 million, $12.6 billion will be spent by the taxpayers, and that will be leveraged to make the amount of money available closer to $18 or $20, the figure being $19.7 billion.

From the time I graduated from high school to the time I testified before you, the amount of Federal help for students going from $30 million to nearly $20 billion in terms of that available, that's not only not a problem, that's a wonderful success story. It's something in which you, Mr. Chairman and others, should take great pride.

The University of Tennessee would have been one place I could have gone in 1958. I didn't go there. There were about, maybe, 15,000 or 20,000 students there in that year. There were no students there except on Federal grants or loans except those few who might have had the National Education Defense Act grants.

When I left the University of Tennessee a month ago, there were 25,000 students on the campus in Knoxville and 8,000 of them had a Federal grant or a loan to help pay for part of their college.

Generally speaking, I'm told by the Department that one out of every two Americans who goes on to college or university or post-secondary education has either a Federal grant or a Federal loan.

Now, what has happened between 1958 and 1992? What else has happened? Well, the access question is one of the biggest success stories. There were not in Tennessee in 1958 any community colleges at all. None existed until 1968. There probably were not any in most of your States.

We had a number of what we call teacher's colleges at that time, as you probably did in your States. They are now in our State major universities, with student bodies as large as the University of Tennessee had in 1958. There was segregated education in the public part of our higher education system in 1958. That is not the

case today in our State or in yours. And many millions more Americans go to college.

I suppose in 1958, the year that I graduated from high school, the number of Americans with a college degree probably was around 5 percent, the number of adult Americans was around 5 percent. It's less than 20 percent today. Most people are surprised to learn that, although as we all know, maybe half the people who go out of high school today want to go on to some sort of further education.

So I guess the point I would like to make is before we begin this reauthorization, I think it's a good time for the committee to stop and think of how well it's done so far. Because it has opened up our system to an enormous number of people, and it dramatically changed not only the number of students who can go to college, but the number of institutions that are available.

And before we get into the difficult issues of how do we take the available money and apportion it, I think it's useful to go back to specific example of how a student spends his or her college money today. And let me go back to the situation I know best at the University of Tennessee. Now, I'm talking about grants and loans.

Every single student who arrives at the University of Tennessee Knoxville campus arrives with a scholarship from the State government that pays 70 percent of the instructional cost. In other words, the instructional cost, what it costs to educate a student at the University of Tennessee Knoxville is about $6,000. That's what we call the instructional cost. And the State taxpayers pay about 70 percent of that. That's by policy in our State.

The taxpayer will pay 70 percent and the student will pay 30 percent. And that's roughly what it works out to be. Tuition is about $1,700 or $1,800 for the year for a student. So already, a middle income or a low income or an upper income family in Tennessee, and I assume in most of your States, can go to the State's major State land grant research university and have 70 percent of the cost paid for by the State government from tax dollars, 30 percent by the student.

Then comes the Federal money, the Federal grant and the Federal loan, the Pell grant and the variety of loans. And they help to pay, in the case of the University of Tennessee student, the $1,700 or $1,800 for tuition that needs to be paid, and then pay the additional $4,000 or so that needs to be paid for other expenses.

So in thinking about how to apportion money between low income families and middle income families, I think it's important to understand what the real choices are: That tuition, as it is at most State universities, is $2,000 or less, even for the major ones; that many of those universities are among the best in the country; and that, in addition to that, partially as the result of this committee's actions in creating the Federal grants and loans, a system of community colleges has developed.

In our State, they are within about 30 miles of every student. They're open in the afternoon, they're open at night. They have transfer courses; that is to say, the University of Tennessee has an admissions officer on the campus of the community college so that the student who wants to continue to college but would rather

start at the community college, may take courses there for 2 years and be guaranteed admission to the State university later.

The tuition at the community college in Tennessee is about $800 a year, and the expenses in addition to that are not any because there are no dormitories and you live at home.

So those are the real choices that are there for students in our State today as a result of the great success story of this committee and the Federal Government in broadening the access of Americans to college. One out of two in America at our colleges and universities have some help.

It's important to remember that tuitions, on the whole, are low, at our State universities and our community colleges. They're available and they're generally affordable. And so that is why the administration, when we make our recommendation to you, which may be one of the two or three most important that we have to make, in the statement I prepared that is why we suggest that we take the available money we have and concentrate it on the lowest income families, and as a result of that, increase by a total of 54 percent the amount of the Pell grant.

We believe that's putting the money where it does the most good, because it is those families, we believe, for whom money is the largest and most difficult barrier. Now, we understand and readily admit that that's not an easy choice because there are other families that feel the pinch. It's never easy to borrow money to go to college. It's never easy to go to college.

And with the increasing number of students who are what we call nontraditional, who are so nontraditional they're getting traditional, that is the commencement ceremony that has the applause for the mother crossing the stage instead of the son and the cheers are, "Way to go, Mom." That for the increasing number of those students, it's especially difficult to continue education.

But we're talking about how do we focus $6 billion of Pell grant money. For example, on which 3 million students shall we focus it? And we suggest focusing it with more emphasis on the lower income families and with significantly larger grants, up to $4,200 a year.

And taking that back to the University of Tennessee situation, you could see that if any student were to arrive with a Pell grant of $4,200, and in effect, a State scholarship for $4,000, and about $2,000 or $3,000 left to go, which could be made up a variety of other ways in terms of self help local scholarships. So it would take the Pell grant, and for the lowest income families, move that student's opportunities on up.

Now, it is true that that wouldn't pay to go to Harvard, and that's something to consider. Most students don't go there, and most of those that do who need the money have their way paid. And that's a part of the calculus that we have to make.

But we would suggest taking that picture in. And I hope you don't mind my going into some detail about that because I think that the campus experience is one way to think about it.

The other initiatives that we have suggested in here, Mr. Chairman, are fairly straightforward, with special emphasis on the integrity of the programs. I've mentioned them all in my statement. I think I'll reserve the rest of the time for question from you or from the committee. Thank you.

[The prepared statement of Hon. Lemar Alexander follows:]

Testimony By

Lamar Alexander
U.S. Secretary of Education

before the

House Subcommittee on Postsecondary Education

on the

Reauthorization of the Higher Education Act of 1965

Wednesday, May 8, 1991

Accompanied by:

Ted Sanders, Deputy Secretary

Sally H. Christensen, Acting Deputy Under Secretary for Planning, Budget and Evaluation

Robert H. Davidson, Director, Postsecondary Analysis Division, Office of Planning, Budget and Evaluation

Mr. Chairman and Members of the Committee:

It is a pleasure to be here today, and to have this opportunity to talk about the Administration's plans for reauthorizing the Higher Education Act of 1965 (HEA). As you know, before President Bush appointed me to the position of Secretary of Education, I had the good fortune to serve as President of the University of Tennessee. So it is with a special interest, and I hope an extra measure of understanding, that I come before you to present our proposals for improving the availability and quality of postsecondary education for all Americans.

As you know, last week I sent a letter to Speaker Foley which outlines our approach to reauthorization, and which includes a detailed, 30-page summary of the Administration's proposals for reauthorizing the HEA. I believe the comprehensive nature of these proposals demonstrates our agreement, Mr. Chairman, that this reauthorization must include a thorough reexamination of all HEA programs, and, as you put it in a speech earlier this year, that no program should be sacred or untouchable.

The Department will submit its reauthorization bill later this month. What I would like to do today is provide some perspective for our current efforts to improve postsecondary education, outline the principal themes of the Administration's

reauthorization plan, and then describe some of the highlights of that plan.

HISTORICAL PERSPECTIVE

As members of this Committee so well know, the Higher Education Act of 1965 was a bipartisan commitment to postsecondary education that had its origins in the GI bill for World War II veterans and, more recently, the National Defense Education Act of 1958 (NDEA). The launch of Sputnik in 1957 had sparked great national concern about our ability to compete with the Soviet Union in fields of advanced technology. With the help of Federal education support provided through the NDEA, America met that challenge, putting a man on the moon a little more than ten years later, and forging a lead in advanced research and technology that continues to this day.

In the 1990s, however, our task is to maintain -- and in some cases to recover -- our lead in the fiercely competitive environment of what we now all recognize as a global economy. Success in this competition, as in that earlier challenge dramatized by Sputnik, will depend in no small measure on the access of all Americans to postsecondary education, and on the quality of that education.

While the National Defense Student Loan program of 1958 was

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the first Federal program to provide general financial assistance to undergraduate students, the Higher Education Act of 1965 has created a comprehensive framework for Federal postsecondary assistance to both students and institutions of higher education.

Just to give you an example of the growth in size and scope of Federal postsecondary programs that was made possible by the HEA, consider this: In 1959, the total appropriation for student financial aid was $31 million -- all of it for the National Defense Student Loan program, now known as the Perkins Loan program. For fiscal year 1992, we are requesting $12.6 billion for nine student aid programs that will generate $19.7 billion in aid for 5.7 million students.

Over the last 25 years, HEA programs have contributed greatly to improving access to postsecondary education. At the University of Tennessee, for example, some 8,000 out of roughly 25,000 full- and part-time students are receiving Federal grant and loan assistance during the current academic year. That's one-third of all UT students, many of whom undoubtedly would not be attending this or any other institution of higher education without the programs authorized under the HEA.

Federal support for postsecondary students also has contributed to a tremendous expansion of educational institutions participating in Federal student aid programs, from approximately

3,000 traditional colleges and universities to approximately 8,000 postsecondary institutions offering a wide variety of programs and career training opportunities. I believe this expansion is a healthy development that reflects the growing need of the American work force for postsecondary education, as well as a growing competitiveness that improves the quality of education across all types of institutions. This is why President Bush has said that "our higher education system is clearly the finest in the world -- creative, innovative, and highly competitive."

However, there are important issues to consider as we review the Federal role in postsecondary education during this reauthorization. First, we must restore public confidence in the integrity of our student aid system by addressing such serious problems as excessive student loan defaults and institutional abuse of Federal aid programs. Second, we must ask not only, "do our students have access," but also "access to what?" Access to an institution that produces mostly dropouts, not graduates, or that produces graduates who are not employable in the fields for which they have trained? Or access to an educational program that is responsive to the needs of both students and the Nation?

Third, we need to take a step back and ask ourselves, "what do we really need from our higher education system." We live in a rapidly changing world, where everyone must know more and be

able to do more in order to participate in America's economic and social life. And I'm not talking just about children here, or the 18 to 22-year-olds that traditionally have constituted the vast majority of postsecondary students. Many adults now, and in the future, will need to change careers several times in their lifetimes, and higher education must be prepared to help them meet that challenge. To put it another way, in an age when changes in technology occur almost overnight, we must work to see that our citizens and the postsecondary institutions they attend keep up with those changes.

THEMES OF THE ADMINISTRATION'S REAUTHORIZATION PLAN

The Department of Education has undertaken a thorough review of all current Higher Education Act authorities that expire at the end of fiscal year 1991. This review was a comprehensive and open process that included substantial input from schools, lenders, guarantee agencies, States, the higher education community, and the public. The Department sought to gather the best ideas and information from all who are concerned about the challenges facing higher education during the coming decade.

As a result of this effort and with a view toward incorporating in our proposals the principles and goals of the President's Message on Building a Better America and the National Education Goals that relate to postsecondary education, the

Administration developed several themes that have guided our proposed changes to the HEA. These include (1) improving access to postsecondary education for all Americans, (2) improving educational quality and rewarding excellence, and (3) ensuring integrity and improving service delivery in all HEA programs.

We would increase access to postsecondary education by targeting grants to the lowest-income students, by expanding precollege outreach and retention efforts, and by simplifying the student aid delivery process.

Our reauthorization proposals seek to improve the quality of higher education and reward excellence by promoting greater accountability on the part of both individuals and institutions, by rewarding individual achievement, and by enhancing choice and flexibility in higher education programs.

Improving the quality of postsecondary education demands that we take a hard look at the accrediting agencies and State licensing bodies that we have traditionally relied upon to ensure institutional quality. We are evaluating the extent to which the system has worked, and will decide what course of action should be taken to achieve consistently high levels of educational quality throughout American higher education.

BEST COPY AVAILABLE

Finally, the Administration's reauthorization plan includes a variety of provisions designed to ensure the integrity of HEA programs, particularly the student loan programs, and to improve the delivery of services under many of these programs. These provisions will safeguard Federal resources at all levels by requiring sound management practices and emphasizing accountability by individuals, institutions, lenders, guarantee agencies, and the States.

As I describe some of the specific changes that we are requesting, you will see that most of our reauthorization proposals reflect more than one of these themes.

HIGHLIGHTS OF THE ADMINISTRATION'S REAUTHORIZATION PLAN

Federal student aid resources should always be used first to help the lowest-income individuals and families. Research shows that low-income students are the most affected by rising college costs, and that grant aid can make a positive difference in whether they enroll in and complete postsecondary programs. This is why we are proposing to make Pell Grant awards more sensitive to the incomes of families and students. We also would increase the maximum award by 54 percent, from $2,400 to $3,700, to better ensure access and expand educational choice for students from low-income families.

In addition, we are proposing to promote high academic achievement among Pell Grant recipients through a new Presidential Achievement Scholarship program. This program would provide a merit-based award of up to $500 for high-achieving Pell Grant recipients. The lowest-income Pell recipients who are academically outstanding could receive as much as $4,200 in annual Federal grant assistance. Pell recipients also would continue to be given priority in the award of campus-based Supplemental Educational Opportunity Grants.

For the neediest students, this increase in grant aid would significantly reduce their need to borrow. However, for Pell Grant recipients who wish to attend higher cost schools, and for those students who do not qualify for Pell Grants, we would raise the loan limits under the Guaranteed Student Loan (GSL) programs. First- and second-year Stafford Loan borrowers would be able to obtain up to one-third more loan assistance than currently available. Loan maximums in subsequent years would rise by 25 percent. Limits on the less subsidized and non-need based Supplemental Loans for Students (SLS) would also be increased significantly for upperclass students and graduate students.

In addition to higher loan limits, our reauthorization plan includes a number of measures to ensure the integrity of Federal student loan programs. On Monday, April 8, the Department announced the results and recommendations of a GSL management

study to improve the quality of student aid management under current law. It was conducted in cooperation with the Office of Management and Budget and included participation of experts from other agencies. We have begun implementing these recommendations, including the reorganization of the Department's Office of Postsecondary Education. Our reauthorization proposals include many other measures needed to safeguard the public interest and to increase accountability for public funds.

The Administration is proposing, for example, to encourage greater efforts by States to ensure the quality of institutions participating in HEA programs. States would share the risk of borrower's default by providing the equivalent of full faith and credit backing to their designated guarantee agencies. In addition, States with high institutional default rates would pay a share of the default costs. These proposals also reflect the shared interests of Federal and State governments in ensuring quality education, consumer protection, and positive economic contributions from the public investment in education.

Let me also note that the Administration is still considering alternatives that might replace some of the higher education loan programs. I will keep the Committee informed of any future proposals regarding this issue.

In addition, the Department will reexamine the previously announced proposal for requiring minimum student academic achievement as a condition of eligibility for Title IV student aid programs. We intend to develop a workable approach to ensuring that Federal aid goes only to those students who recognize the importance of education and who take their studies seriously. This reexamination will begin with an assessment of the current law that requires satisfactory academic progress toward a postsecondary degree or certificate.

We are also proposing an expanded and consolidated Precollege Outreach program to encourage disadvantaged students to pursue higher education, to disseminate information about the availability of Federal student financial assistance, and to support secondary school persistence through tutoring and other kinds of remedial services. This program, working through the States, would support local partnerships between secondary and postsecondary institutions in those areas with the greatest concentrations of disadvantaged students.

Our reauthorization plan also will include important proposals for improving Federal support for graduate study in areas of national need, and for training the next generation of teachers for America's schools.

Our proposal for a new National Graduate Fellowships program would consolidate six current graduate fellowship programs into a single, more flexible and responsive program. This program would provide competitive grants to colleges and universities for the support of graduate students studying in areas of national need -- such as mathematics and the sciences. It would provide need-based stipends up to $10,000 per fellow in FY 1992, and authorize an additional payment to the school up to $6,000.

We are also proposing to expand substantially the National Science Scholars program, which was included by the President in his education initiatives of 1989 and enacted last year by the Congress. This program would provide college scholarships of up to $6,000 to graduating high school students who have excelled in mathematics and the sciences and who plan to study and pursue careers in these critical fields.

Improving the quality of our teaching force is central to President Bush's strategy for revitalizing American education. We will be proposing legislation as part of AMERICA 2000 to establish Governors' Academies for Teachers, whose aim is to improve the skills of our current teaching force.

Many of the reforms I pursued as Governor were aimed at improving the teaching profession and rewarding good teachers. This is why I am especially pleased that our HEA reauthorization

plan includes a new program of Partnerships for Innovative Teacher Education. This program would support the establishment of teaching schools, each of whose mission, in addition to providing the best possible education for students, will be to provide a site for formal collaboration between institutions of higher education and schools to train prospective teachers. These partnerships would focus on strategies to make teacher education more rigorous, to utilize the latest research on teaching and learning, to prepare individuals without prior education training to teach in our schools, and to help teachers continue their professional growth throughout their careers.

We believe that all of these proposals that I have described would not only continue but would improve on the HEA's tradition of effective Federal support for postsecondary education. I urge you to give them careful consideration. If you need further information or explanation of any of our proposals, I encourage you to contact the Department. Senior officers who have been closely involved in preparing the Administration's reauthorization plan will be happy to assist you in any way possible.

I look forward to working with you over the coming weeks and months on this important legislative task, and I will be happy to take any questions you may have.

Chairman FORD. Thank you, Mr. Secretary. And I'm sure the members of the committee appreciate, as I do, your kind remarks. It was only a few years ago that all we heard coming from spokespersons from the Executive Office was that all of this Federal money we spent since 1965 had been wasted and that our efforts have been a failure in every way. So I'm happy that we're starting off assuming that we have something to build on that we can make better.

I am a little bit distressed, as I was over the weekend when I looked at the statement that you forwarded to the Speaker that came to us, to see the administration's insistence on narrowing the scope of aid to a smaller band of the most economically needy population of the country. It's a difficult thing to grasp because I find it hard to have Bill Ford suggesting to somebody from your party that I want to do more for the middle class while you're telling me that you want to do more for poor people.

In defense of doing exactly that, I should tell you that I've been supporting programs for poor people since I came here and helped to write the poverty programs. But we're hearing more and more, Mr. Secretary, that we're expanding the size of the pot of people that are falling through the cracks.

While it's true that when you count the part-time students and the nontraditional students coming back to school, who frequently are part time, there are more people in our colleges and universities. The cohort of full-time students who are pursuing degrees is not expanding; it's contracting.

And when you look at what's being lost, we're losing in two places: We have fewer representatives of minority populations as a percentage of their population on our college campuses than we had 10 years ago, but we also have a reduction in the number of working class blue collar kids on the campus. And some of us were hoping that we were going to be able, and still do hope, that we can nudge the White House, and particularly OMB, toward the idea that we need to do something more.

I noticed that a Senator introduced a bill we passed in 1978 called the Middle Income Student Assistance Act last week. We had, for just a very short time, the ability to say to American working people, "While we aren't going to make you eligible for much, if any, grant money, we are going to make it possible for you to borrow some money while you go to school."

And then in 1981, that was thrown away because it was capped at $30,000 for total family income, and that was an absolute cut-off for eligibility without regard to need. Since then, there have been some modifications, but the truth of the matter is that we have slipped further and further away from helping that family that can't make it without the help.

Do you think that we have some possibility of looking at an expansion that would include more attention to people that are referred to in this town as middle class? I'm talking about the families of the average family out there with both mother and father working, they're still making less than $50,000. They don't have any money to help their kids go to school now that the price has gone crazy.

The cost of education has increased every year in the last decade by sometimes as much as twice as the cost of living index. The cost of attendance has gone up tremendously while the economists tell us that the average working families' purchasing power has gone down. So there's less in the way of family resources to purchase education than we had 10 years ago. And that may account for the fact that we're changing the mix on the campus.

And I think we would lose a lot for the future of this country if we allow that mix to change so much that we're only providing education and educational access for the very poor and the very well off. In my generation, Mr. Secretary, I'm a little older than you, before World War II, only the very well off went to college, unless they were children of school teachers. And somehow, with the lousy wages that we paid school teachers, they found a way to get their kids into college.

But I never met anyone in my life that had gone to college except a school teacher. I had never talked to anybody who had been on a college campus except to see a football game by the time I went to high school, and as a matter of fact, by the time I went into the Navy.

So we changed that with the GI Bill and we put a mix into our colleges. We're starting to slide back now. Admittedly, we're doing more for the very poorest economic sector of the population, but we're losing ground with another group. And as Mr. Coleman said in his opening statement, we are lending money now to people we intended to give grants to.

I was encouraged part way through your statement when I saw the Pell grant go up to $3,700 per grant until I found out that the way you're going to pay for it is just shrink the size of the pot of people who will be eligible for the Pell grant in order to make up for the difference.

Presently, we authorized $3,100, and for that we get a $2,400 appropriation. Does your $3,700 mean that the administration would be willing to support an appropriation that would fund a maximum Pell grant at that level, or would we still be dealing the way we are now where $3,100 only produces $2,400 at the maximum?

Secretary ALEXANDER. Mr. Chairman, let me generally answer that and Bob—I want to give you a specific answer to your specific questions. Bob, what's the specific answer to the question?

Mr. DAVIDSON. Yes, sir, Mr. Chairman. Our budget for 1992 would fully fund the $3,700 authorized level that we're seeking.

Chairman FORD. It's not an increase in dollar amount, is it? You don't ask for more money to do that, do you?

Mr. DAVIDSON. Yes, sir, we are seeking additional funds, as well as the eligibility changes.

Chairman FORD. There's a couple hundred million dollars, I guess, the staff tells me, in your request. But, really, the way that you would fund the $3,700 is to reduce eligibility numbers so that there would be a much smaller number of Pell grants out there.

Mr. DAVIDSON. Yes, sir. There's a reduction of about 400,000 recipients. The overall increase in appropriation compared to the previous year is about $700,000 million, and we're funding that through transfers within the student aid account from other programs.

Secretary ALEXANDER. Mr. Chairman, if I may add to that. You're correct. The choice is whether to give lower income families large grants or whether to give more families smaller grants. Now, one thing that's often overlooked here is that in the choices between 3 million Pell grants and 3.4 million Pell grants, roughly. And the difference has to do with the following three things: the definition of the independent student; tightening up on our defaults; and a minimum academic progression performance.

So, in fact, in all of the categories of families, you'd still have some slight increase. We're not really taking it from the middle income family and giving it to the low income family.

Chairman FORD. Mr. Secretary, the maximum Pell grant cuts off now at about $11,000. Are you going to change that up or down? And $11,000 is below the poverty line in most parts of this country for a family. So you have to be below the poverty line to even quantify. So we're not suggesting you're going to take something away from somebody and give somebody more.

The next factor I'd like you to look at, and I would ask you not today but for the record, to give us a computation from your Department on what you think the average size of a low income student's Pell grant is going to be. Because, realistically, if you look at the distribution of that population amongst our colleges and universities, you're going to find them at the lowest cost schools, the community colleges.

Seventy-five percent of all Hispanics in this country who go to any kind of postsecondary education are in community colleges. And a majority of black students who go to any kind of college are at community colleges. A community college's tuition will not generate, under either your formula or the present formula, a maximum grant. If you go to Harvard, you'll generate a maximum grant, or any other expensive school, but not at a cheap school.

So I suspect that it's not going to cost as much as you're guessing because once you use this dollar amount to screen them out and then you look at where they're going to be developing their need through the needs analysis, the probability is that you'll have plenty of money to pay for it but fewer people are going to get money of any kind.

That's what I'm worried about, and I wish that your people could put together an estimate of what the distribution under your formula of the Pell grants by size would be. Because a maximum grant, if I understand it correctly, would be for a below poverty level family attending a school that costed enough to leave a remaining need of $3,700. And that rules out every community college in the country and a whole lot of the State colleges for that matter.

So it really isn't what it seems to be when you look at the number, unless you look behind the numbers to see what it's actually going to do in terms of the consumers who will use it. And I think that we ought to pursue that a little bit further so that we aren't at cross purposes here about what we're trying to do. And I'm not trying to be critical because your proposal does not suggest more money to pay for it. I fully realize that if we want to spend more money, we're going to have to find it someplace.

Secretary ALEXANDER. Mr. Chairman, we have that data generally now if you'd like to have it. Just partly in comment on that, particularly in the middle of a recession, I'm not going to sit here and say it's easy for families to find the money for children or themselves or the parents to go to college.

My sense of this being on campus, campuses all over our State, is that you're right about what was going on 30 or 40 years ago. Most people didn't go to college. College was for the elite. Ninety-five percent of the people didn't have a college degree.

But today, the campuses are filled with middle income students, working class people. That's who's there. That's most people. And we feel like that the most difficult barriers, the most difficult money barriers, are for the very poor families. And that, therefore, a larger grant for them is a better way to spend the amount of money we have.

Now, if we have an unlimited amount of money, of course, we could then tax middle people to give middle income people scholarships to college. But when I was Governor, I was reluctant to do that because I was basically taxing low income people to give college scholarships to middle income people. I know that in Washington we do it a little differently; we spend money we don't have, which I haven't gotten used to.

But I think it's a question of money. And it's the difficult question, then, of how do you allocate it. Bob tells me that, for example, at a Tennessee community college where the tuition is about $1,800 a year, a student who qualifies for the Pell grant could get up to 79 percent of that——

Mr. DAVIDSON. Of the total cost, not just the tuition.

Secretary ALEXANDER. The total cost wouldn't be much more because students don't live there.

Chairman FORD. Well, Mr. Secretary, I don't want to take more time because there are others who are anxious to question you. But I would like to see if we can talk about the same football game here before we count the score up.

Your testimony and submission that came up here is couched in terms of the 1992 budget. We're here about the business of reauthorizing higher education from the years 1994 to 1998 or 1999. We're looking, really, 7 years down the road as we sit here.

And I'm not willing to concede that we're going to have the recession with us 2 years from now when this kicks in for the first time. So I hope that your planners and others will bear in mind that what we're really trying to do is guess what the target is going to be between 1994 and 1999. And, really, it's the last half of the last decade of this century. It's a great time for us to go out with a boom, not a whimper.

So I hope we keep in mind that we're not talking about 1992 dollars; we're talking about 1994 and thereafter.

Thank you. Mr. Coleman.

Mr. COLEMAN. Thank you, Mr. Chairman. Mr. Secretary, two of the fundamental foundation blocks upon which the Higher Education Act has been premised over the years are access, which you have obviously paid much attention to in your proposal, and the other one is choice. And I want to, like the chairman, kind of concentrate on the choice issue for a moment because I see the Higher

Education Act being the first empowerment, if you will, of the American people to have, if you want to characterize it, a voucher, a voucher to go anywhere they want to go to college. It might be Harvard, it might be Maple Woods Community College in my district.

But the fact is they could take this piece of paper, this grant or this loan, to any institution certified by your Department and they could go and apply that towards their cost of attendance. And that, I think, is what the chairman, and certainly I indicated in my opening statement, is a little bit of a concern to us as far as how you have tried to propose the use of the funds. And you have, obviously, a very solid basis on access, but I think we have to temper it somewhat with the choice issue.

There are a number of institutions in this country that are what we would characterize as private institutions. They do not get that 70 percent of the taxpayers' money to help fund their tuition costs, as you indicated.

They are 21 percent of the undergraduates in this country. They turn out 33 percent of all baccalaureate degrees, 40 percent of Masters, 36 percent of all Doctoral degrees, and 60 percent of the professional degrees in this country. So I think it's extremely important that we recognize that opportunity.

And, certainly, I believe that competition is very important. I've heard you say that, too, in the elementary and secondary levels. And I believe that. And I believe my institutional presidents on Monday when Chairman Ford was in my district in Missouri and I asked the question to some public educators, presidents of public institutions, community colleges and 4-year schools, whether or not they felt that it would be important for them to receive more students because of the inability of many others to go to private institutions. And they were firmly of the opinion that competition made them a better institution with the privates.

And I think that if we fail to recognize this issue of choice that we're going to undermine to a certain extent, and certainly erode the financial support of the private institutions in this country. So as I understand the general proposal that you have mentioned today is that—and I think Chairman Ford is correct in characterizing this—if your premise is taken of a $3,700 maximum grant, that those who would be helped the most to use the maximum grant would be those poorer people who would go to a higher priced, perhaps private, institution.

They will get the benefit of the maximum grant, and I see that your analyst is nodding affirmatively there. At the same time, we aren't going to give a whole lot of support to the middle class, who would not get much support from this proposal to go to community college or a State institution.

So I think that my concern, as expressed in my opening statement, and I hope that we might be able to arrive at some sort of middle ground on this, is to recognize the tremendous importance, the cost of attendance, and the realization that middle class and private institutions and the way that the grant system is arranged, and the loans, that we might be able to bring these things closer to be what I sense is a great need out there.

And, also, a final comment, and if you want to comment after this, your graduate education proposal is interesting. I would not want to have some suggestion that the success that we have made in Title IX, certainly in the areas of national need where we have grown to a $25 million appropriation this last year, and, I think, training very fine people in this country for Ph.D.'s in math and science and foreign languages, that we do anything to harm that program and to reduce it to any extent, not just financially but meritoriously in any way.

So I look at that very closely as this comes on out into proposals. But, again, I don't want to be critical. I do want to be constructive, and that's in the tone I've made my comments. And if you wish to comment back, I'd be more than happy to hear you.

Secretary ALEXANDER. Mr. Coleman, I'll be brief out of respect to the time for all the members, but I would like to—of course, that was constructive, and I appreciated the tone. And the emphasis on private education is very helpful from my perspective. Our family lived in Australia for 6 months, and one of the things I learned there was that at that time Australia had no private universities whatsoever. They now have one, I think.

The United States is the only country in the world that has such an extensive system of private higher education, and it helps in a lot of different ways: It includes some, maybe half, of our best research universities; it provides a competitive force and a check on what we're doing in the public sector; it provides different sorts of institutions that students might choose to attend; and it saves us money in the long run because it doesn't cost the taxpayers as much when students choose to go there.

So I think it's very important to keep that system in mind. But, again, I think our fundamental question has to be, now that we're trying to help half the Nation go to college or go back to college instead of 5 percent, making it possible for people to go to really first rate community colleges at $800 a year or to a State university at $2,000 a year in terms of tuition.

I think those are the first places to think about in terms of expanding opportunity because they're available and they're accessible and they're more affordable. And we may not be able to have enough money to help everybody go to the very high priced colleges, even though the Pell grant is structured in such a way. So that if you go to a more expensive college, your Pell grant goes up.

Mr. COLEMAN. Thank you, Mr. Secretary.

Chairman FORD. Mrs. Lowey.

Mrs. LOWEY. Thank you, Mr. Chairman. And I want to thank you, Mr. Secretary, again for your testimony. And I don't want to belabor the controversy concerning low income students and middle class students; in fact, it seems to me that we really should be committed to both and it pains me greatly that we have to look at it as an either/or issue in this great country of ours. And if we really mobilize, it seems to me that we could do both. And I hope we can work towards that goal.

One of the things that concerns me is that even when a needy student is given assistance, they receive a Pell grant and a State grant, and they still can't get enough assistance to enable them to go to a public college. Many States, many universities, have adopt-

ed programs to support these students to guarantee a full tuition, such as New York. We know of the I Have a Dream Program. There are several programs providing supportive services and a tuition guarantee, and the GAO, I believe, has reviewed these programs very positively.

I'd be interested in your comments. Have you reviewed the range of programs that have been offered to guarantee a needy student the opportunity to go to college? And what is your view of these programs?

Secretary ALEXANDER. Thank you for asking that. I have not looked at them all. I am familiar with some of them, and I would suggest that they are, as the chairman was talking a few moments ago about looking ahead from 1994 to 1999, one of the trends that I see happening in the States is our plans like the Taylor plan in Louisiana or the Lang plan in New York, the idea of saying to low income student, "Work hard, make your grades, and we'll guarantee you that you have a chance to go to college."

And if the States are going to say that—they're close to the students, they're involved in the communities—this is a big part of motivation, sending a signal to people who can't see any way out of where they are up to where they want to go, then I think we should make sure that our system of grants and loans fits into that as best we can predict.

I don't think we can substitute for that, nor would we want to. But the structure is set up that way in many ways now so that the Pell grant and the loans fit into whatever the States are doing. I think the States, despite their current financial difficulties, may do more in terms of what you're talking about.

And I think we should be very careful the next few months to see that we fit into that. For example, a $4,200 Pell grant plus a State tuition grant would about pay the whole cost of attending the University of Tennessee, all costs. And that's probably the correct goal for a student from a very low income family. It's uncomplicated, simple. You do what you're supposed to do, and we'll give you the whole amount of money.

Mrs. LOWEY. The financial status of most of our States is extremely bad at this point. Let's hope we look forward to more positive times. But in light of the current problems, should it be the role of the Federal Government to make a commitment to access to a public university for all students, for all needy students in this country. We would hope that the States could contribute, but given the current economic state, should it be a commitment of the Federal Government as we reauthorize this act?

Secretary ALEXANDER. I don't think we, or, if I may respectfully suggest, you should legislate based upon the current recession because it's not going to last very long, I think. And the second thing is that all the money comes from the same pockets, basically, the taxpayers at home.

I think, generally, it ought to be a State commitment and that the Federal Government ought to do as it has done, build on the trying to craft a targeted set of additional grants and loans to Americans of all ages so that they can further their postsecondary education.

Mrs. LOWEY. Well, I hope that we can continue to work on these programs. From what I understand, you are supportive of these initiatives, and I think our goal has to be how we can mesh our Federal programs with these State initiatives.

Secretary ALEXANDER. I think they're very encouraging because so much of what we try to do about elementary and secondary education, as Pat Taylor once said, is just changing the size of the water trough for the horse. These kinds of incentives at the State level help make the horse thirsty, which is a blunt way to put it. But these are motivational grants in many ways.

And I'm encouraged to see the States doing that.

Mrs. LOWEY. Which is a good segue to my next question. I'm particularly interested in the intervention efforts in the pre-college outreach programs you are proposing. You've discussed that somewhat in terms of collaboratives, getting businesses, community groups, and religious institutions all working together to insure that these youngsters are successful.

And I know this committee, myself in particular, believes very strongly that early intervention is key. We have to get the student ready and then we have to move them forward to the point where they can qualify for this assistance and be successful in college.

I wonder if you can expand on your proposal for a pre-college outreach program. What would it really entail?

Secretary ALEXANDER. If I may, the points are that we would consolidate some very successful existing programs in order to focus them, again, on the students who need the help the most, and to permit the States and the universities to have more flexibility locally.

Sally has worked pretty hard on that, and if you don't mind, I'd like to ask her to give a brief answer to that.

Mrs. LOWEY. Fine. Thank you.

Ms. CHRISTIENSEN. Mrs. Lowey, basically what we're proposing is that we would consolidate the upward bound and the talent search and the educational opportunity centers into one program. They would be awarded to States on the basis of the chapter one formula, and the States, then, would hold competitions for schools within their higher education institutions within their area that are in those areas serving low income and disadvantaged populations.

They could work in partnership with the school district to get at, really, those children who are most at risk of not entering college. They will provide the same kinds of services that are provided now under those programs, whether it's tutorial services or remedial services or giving the students information on where they can go to college and where they can get aid.

Right now, we think the program is very, very successful. The administration has supported the TRIO programs year after year with proposed increases, and Congress has even added to that. The problem is that they're spread over a wide range of areas now and they are not targeted where we think they should be. So this would, I think, really enhance those services and enable new institutions to come into the program, as well as really involve the schools. And that's really what we want to do.

Chairman FORD. Thank you. Mrs. Roukema.

Mrs. ROUKEMA. Let me state that I really do appreciate the work that you're doing on the reforms and the default program. And I look forward to working with you. I think there are ways that we can improve it even further. At least there are some minor differences between my approach and the approach of the Department, but I think that you're really doing a wonderful job and I'd like to work with you in that regard.

I also want to make a pitch for the question of home equity, the use of the fixed asset in the needs formula. I won't go into that in great detail now, except to say that there is a definite regional bias in using that system. And, by the way, you should know that this has only been a recent innovation in terms of the Congressional Methodology. Prior to that, prior to 4 years ago in the reauthorization, we used a much more flexible program. And I hope that we could go back to that.

For example, in higher income, high real estate areas like New Jersey and many others around the country. We have been unfairly disadvantaged. These people are cash poor, and they need the help. And it is, as I say, a regional bias, and a bias, really, against two worker families and some small businesses. And the family farm certainly comes into this consideration.

So I'd like to work with you on that, and I hope we can come to a meeting of the minds.

Mr. Secretary, I've got to associate myself with the prior remarks of both the chairman, as well as the concerns expressed by Mr. Coleman. And I want to give some emphasis to this in terms of my own understanding of the problem.

I think Mr. Coleman put it well, and it certainly reflects my opinion, when he says that I hope we can deal back in the middle class. And it's not simply because it's our constituency; it's because, I think, based on my experience, my husband's experience, and the experience of my constituents, this group badly needs the help. They pay back their loans, they need cash flow, and the case can be made as strongly for them as it can be made for the very poor. I'm speaking of low and moderate income families.

I think that maybe you've told some of your background and what has helped to mold your opinions. Let me tell you one of mine, and it goes back to my first conversation with David Stockman, which maybe some of you will remember back in 1981, when he came in with a proposal that sounds very much like your proposal. He came into a Republican caucus and wanted to know if this was going to give anybody heartburn. And after a moment's hesitation, I said, "Yes, it surely is going to give me heartburn because what you're saying is the poor can go to college and the rich can go to college, but the middle class are being dealt out and ignored by the Federal Government."

I think it's very important for us not to do that. I think that we have got to find a way to help all these groups of people, otherwise we are going to be very counterproductive in terms of an erosion of the middle class and their access. I'm not necessarily saying choice; I'm saying access to college.

And in that regard, I understand that you have been asked by the chairman to give a computation for the record on the subject of

the Pell grants. I would like to enlarge that to include a specific analysis for the student loan program as well.

Because as I read the numbers, as I read your statement and what we have been hearing out of the administration, dating back to the now no longer relevant OMB numbers that were included in the President's first budget, I think there is a decided effort to seriously erode the commitment of the student loan program that I certainly don't want to see happen. So I would like your computation to include the student loan program as well as the Pell grants.

And I will conclude simply by making two observations, one, I referred to both my husband and myself, and I will say, Mr. Secretary, that we're a little older than some others around here and there wasn't a student loan program when he and I went to college. And I will say categorically had my husband not been able to receive a scholarship loan on a private basis, he never would have gotten to medical school.

Now, I think we owe people of that income group, and they're not rich and they're not in the well off middle class. We're talking about low to moderate income people. We owe them, if we really mean that education is a priority, we owe them that access through a payable back loan program.

And, finally, I was recently at a place in my district where I thought we were going to be talking about the possible closing down of Piccatinny Arsenal on the Defense Secretary's close-down list. I gave my speech on that and other issues referring to family matters when we opened it up for questions.

And, Mr. Secretary, true story. To my surprise, do you know the one question that generated the most follow-up and the most heated discussion? It was, "Why am I penalized as a hard working, tax paying, middle American, and I can't get my kids to college? I am, you know, borrowed up to here, and I'll just never be able to pay it back. Well, we'll be able to pay it back, but we don't have the cash flow for the third child, who is now coming of college age."

So this is a heated issue. They want accountability in the program. They want to know that it's been reformed and that students are paying back their loans, but they need that cash flow desperately. They're very strapped, no matter which real estate market in the country you're looking at.

Thank you, Mr. Chairman, Mr. Secretary. And I don't know whether you want to have a response or not. I don't usually lecture this way, but I thought I'd take my cue from the chairman today. It might be the last time I have a chance to tell you these things.

Chairman FORD. Mr. Secretary, this might be hard for you to believe on your first visit here, but this is the way we treat our friends. You ought to see what we do when we don't like the person down there.

Mr. Reed.

Mr. REED. Thank you, Mr. Chairman. Mr. Secretary, I too want to welcome you here to the committee. Your cooperative spirit in addressing this issue is deeply appreciated and you already have a remarkable record of creativity and competence, which when you don't have a lot of money comes in handy. So we'll call upon both your competence and creativity.

I want to follow up on a question which my colleague from New York raised with respect to TRIO programs. The administration is proposing to consolidate those programs. My concern is that in the consolidation we're going to lose a lot of assistance for adults who are now being served by the EOC programs.

Statistics that I have from Rand suggest that it is the adult population, minority population particularly, that is most in danger of dropping out and most in need of these services. And, again, my concern, if you could respond to it, would be that in your proposals for TRIO, we would be losing the type of program that is targeted towards adults.

Secretary ALEXANDER. Mr. Reed, could Sally respond to that point, please?

Mr. REED. Certainly.

Ms. CHRISTIENSEN. Mr. Reed, we're not proposing to do that. We are saying that in the grants to States or the competitions that the local educational agencies in which they would participate in this projects could also, obviously, include the adult population. So we're not eliminating those.

There are also a variety of contracts for special population groups that now participate in those programs, for instance, ones that serve Hispanic populations or other kinds of special populations around the country. And they have offices set up around the country. Our proposal would also provide that those kinds of agreements would continue in the new proposal. We'll be happy to provide for the record for you a description of how the adult population absolutely would continue to receive the kinds of assistance that they do now.

Mr. REED. Just a quick follow-up question. So is it your projection that the adult population will be served just as well under your retargeting as it is now in terms of the number of adults and, essentially, the same volume of resources?

Ms. CHRISTIENSEN. There's no reason that they would not be. Yes.

Mr. REED. I also want to follow my colleague from New Jersey and indicate that I, too, am concerned about the calculation of home equity, for example, in the awarding of Pell grants and other Federal assistance. Over the last several years in Rhode Island, the entire Northeast, we've seen a tremendous growth in the appreciation of these assets.

This has created a tremendous burden on people who bought their homes 20 years ago and now are seeing them appreciate, and who, because of that, are not able to qualify for scholarships. I would appreciate your efforts to look closely at this issue. I know Senator Pell has introduced legislation to eliminate home equity from the calculation. And I think that's something that would be very, very crucial to a revision of Title IV.

Finally, if I can take this opportunity, Mr. Secretary, to address a particular problem in my home State of Rhode Island. Numerous financial institutions have been closed by the Governor because their private insurance fund failed. This situation is really creating havoc. And one aspect of that havoc is that parents, who are applying for financial aid, are in a quandary with respect to the treatment of assets in the closed credit unions: they do not have access to their savings.

And I would ask you if you and your staff, together with my staff, could cooperate and in some formal way help alleviate this problem. If they can't get the money, then they shouldn't have to count it as far as financial aid goes. And this situation could stretch on for 3 to 5 years or more.

Secretary ALEXANDER. That's an important question, Mr. Reed. It deserves a brief response, if I might ask Ted Sanders.

Mr. REED. Thank you.

Mr. SANDERS. I think, yes, we would be more than happy to follow up with your staff and look very carefully at that situation.

Mr. REED. Well, thank you very much. We will be in touch immediately. Thank you very much, Mr. Chairman and Mr. Secretary.

Mr. KILDEE. [PRESIDING] Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman. Mr. Secretary, two particular points of interest to me. In 1980, for the GSL, the SLS, the PLUS and the Pell grant programs, we spent $3.8 billion. In 1991, we will spend $9.5 billion, certainly an increase well above and beyond inflation.

If one would look at adjusted family income for a family of four from 1980 to 1990, it increased 6 percent above inflation, but tuition at 4 year public schools increased 36 percent above inflation, and at private schools I think it was around 44 percent above inflation.

One of the problems we have in this committee is that we, no matter how much money we appropriate, can not keep up with the cost of higher education continuing to increase at two and three times the rate of inflation each year.

What do we do?

Secretary ALEXANDER. I don't think it will continue to do that. The private schools, 3 million students of our 13 million who go to colleges and universities go to the private schools. Most of those have costs of less than $8,000 or $10,000 a year. The most expensive of those try to make sure that money is not a barrier to students who want to go there.

I think the market place competitive system that we have in American higher education is going to tend to keep the costs of college down. I notice across America this year many universities, public and private, making a special effort to keep their tuition increases lower.

And maybe I've still got my other hat on too much, because I'm only recently out of the university world. But in 1958, when I thought about going to college, tuition at the University of Tennessee was a few hundred dollars a year. In 1992, it's $1,700 a year and it's still a pretty big bargain. And we still have available community colleges at $800 a year.

It's never easy. And in the middle of a recession, it's especially tough. But I think it's a wrong picture to suggest that—I mean, we're overlooking a great success story if we don't point out that instead of just a few people going to college today, most people are going to college, trying to continue their education.

They have this whole range of institutions, many of them available, accessible, more affordable. And one out of every two in college gets some Federal help.

So I think the short answer is that the market place is going to help keep tuition down.

Mr. GUNDERSON. Well, but just to follow up briefly. To share with you, from the State of Wisconsin, the UW system, these are numbers adjusted backward for inflation so that they're all the same value. A typical student had an average debt in 1980 of $2,108 graduating from the University of Wisconsin system. That student in 1989, same dollar value now, adjusted for inflation, has a debt of $7,758.

So you can see that their debt load has increased three and a half times.

Secretary ALEXANDER. Well, Mr. Gunderson, I run the risk—when I was Governor I used to say things that caused people to think I didn't understand how difficult it is to go to college. I had five jobs and worked hard all the way through college; my parents weren't able to contribute too much.

Coming out of college, coming out of the University of Wisconsin, which is one of the premiere higher education institutions in America, owing only $7,000 is a tremendous opportunity for an individual, a tremendous opportunity. There are people all over the world who would love to have that chance.

Mr. GUNDERSON. Okay. Let me go on to the other question. We'll let the press handle that one. But we have an opening at the presidency at the University if you don't like this job.

You indicate in your education reform package four points, which I am strongly supportive of all four, particularly, I am enthusiastically in support of point number three, which is creating a Nation of students. It's the first time a Secretary has recognized the need to do just that.

My concern, however, is that the primary place for us to do that, it seems, would be in the Higher Education Act reauthorization. You've heard me before talk about the fact that we simply do not address the unique needs of the nontraditional student. We don't do it in the needs analysis test; we certainly don't do it in terms of funding Pell grants for less than full time students; we certainly didn't do it in chapter one, which was never funded.

You look at the campus based programs, such as SEOG and work/study, and they seem to be moving away from campus discretion to respond to the unique needs of that unique individual.

What can we do in this reauthorization to meet your goal of creating a Nation of students by giving them the financial ability to go to school and have continuing education?

Secretary ALEXANDER. Well, that's a very perceptive question, and you've been a leader in that area. And I know, that we've talked about this within the Department during the time I've been there and it may be that our proposals do not reflect quite as well as they might the changing nature of the student bodies in our system of higher education. I mean, I'm not saying they don't; I'm just saying they might not because I haven't had enough time to satisfy myself completely on it.

One thing to look at is to make sure that the grants and the loans that we award take into account the fact that many of the students are not 18 to 22 anymore, and the particular circumstances that a single mother has or a father going back to school.

A second thing we might do is give some encouragement, and I'm not quite sure how to do this, to university administrators who are trying to encourage their faculty to be more responsive to this change. To be very blunt about it, one of the problems is that most faculty members would rather not teach in the afternoon and the evening, and many students can only go then.

So it would change the nature of the way colleges and universities are organized to make them more available. That's why community colleges are so popular: They're available; they're accessible; they're open till 10 at night; and they're nearby.

I will think about that question and try to respond to you with some better ideas. But if we're looking, as the chairman said, to 1994 to 1999, we ought to think about that hard.

Mr. GUNDERSON. Thank you. Thank you, Mr. Chairman.

Mr. KILDEE. Thank you, Mr. Gunderson. Mr. Secretary, I think this is the third time I've had the privilege to welcome you here in Washington in your new capacity, and I look forward to working with you, particularly when you appear before my own subcommittee in the near future.

With prior permission from Chairman Ford, I have some questions, not related to this subcommittee but to my own subcommittee, concerning the National Assessment of Educational Progress, NAEP, and the recent interim report on the 1990 evaluations of the 1990 NAEP State assessments.

I would like to submit these to you in writing. I've given them to Mr. Bill Hanson, behind you. If you could reply to them for the record of this committee, I will have them prior to your testimony before our full committee, which would be very helpful.

Secretary ALEXANDER. It would be a pleasure.

Mr. KILDEE. That's all I have at this time. I commend you for the work you're doing. You bring great credentials to your job here, as well as a great reputation as a consensus builder. I look forward to working with you.

Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman. I find myself in somewhat the same position that you've expressed. I have some questions I'd like to raise, but I know if this hearing is going to be kept open long enough to submit them in writing, I'd be glad to do so and hope to get a response from the Secretary.

There's one comment that I would like to make to the Secretary and the people who are with him. It appears to me that, and I agree, that the middle class is becoming a breed of extinction almost in our society, primarily because of the opportunity and lack of opportunity they have in earning a decent living in many respects.

But I don't share your opinion when the indications are that you're placing emphasis on educational opportunities for the poor. It certainly hasn't trickled down into my area, and particularly among minorities.

When I look at the University of Illinois, for example, which is one of the most prestigious engineering schools in the country, which puts you in the position if you get a degree in engineering to be able to be very successfully employed because of the need.

But when I look at the University of Chicago, one of the best medical schools they have in the country, and look at the number of minorities that are enrolled. Out of the University of Illinois' 25,000 plus students, less than 2 percent of them are minorities. I think it's the same percentage when it comes to the University of Chicago.

These are institutions where the tuition are very high, as you well know. We find more students from foreign countries enrolled in the University of Chicago than blacks who live in Chicago. Now, I don't know whether the program that you're suggesting is going to increase—I hope so—the opportunities for the numbers of people who are in that category who would like to go to school.

It's a waste to our society for them not to have an opportunity. When we look at the amount of money they spend to imprison people who resort to crime, some of it is a result of a lack of an opportunity in the educational field.

When I sat here last week and listened to the representative from IBM say that in order to—and they're interested in engineering students. They're now going overseas to get their students to fill their needs because their requirement is to have at least 2 years of college in order to get a job with IBM.

And I just think that we ought to begin to look in that direction and begin to gear our sights in terms of our educational system to open up opportunities for the poor and the middle class to get an education, not so much emphasis, as the trend indicates it to be, money will be going towards Harvard or Yale or some of these prestigious colleges, and not to those areas where people are who really need our help.

Secretary ALEXANDER. Thank you, Mr. Hayes. We would hope that our proposal to increase by 54 percent the size of the Pell grant so that at its highest it would be $4,200 a year and to target that money on the lowest income families, which could include a disproportionate number of minority families, that would help with what you're talking about.

Mr. HAYES. Thank you, Mr. Chairman.

Chairman FORD. Mr. Petri.

Mr. PETRI. Thank you, Mr. Chairman. I'll be very brief. I know we have to go and answer the quorum call.

Mr. Secretary, I want to commend you for a very realistic and well based presentation this morning, and also tell you how impressed I think people are around this town with the quality of the staff that you are assembling. And it's a real signal to people that you and the administration for which you work are very, very serious about doing the best job you possibly can for our country in the education area. I commend you for that.

I know that you testified that you will be coming forward within the next several weeks, by the end of the month, with the administration's suggestions for reauthorization of the Higher Education Act. And I would just like to urge you and your staff not just to tinker, but to take the whole thing apart and put it back together again and go back to fundamentals because there are lots of problems with the act that have gradually accumulated over the years.

And I think the chairman of this committee and, certainly, the very competent staff he has, are open to hearing some really pro-

vocative and fundamental suggestions from the administration if they're willing to do it.

I would just say that the current Stafford program, as best we can tell, costs about $400 to the taxpayer for every $1,000 of debt that a student assumes, which is not a very good buy and is really startling. It gives a lot of money to the banks and it gives a lot of money to people who end up defaulting rather than really targeting as well the available resources to provide access to middle income people like us or lower income people who do need to supplement with loans.

So I thank you again for your testimony, and I look forward to your and the administration's recommendations in the higher education area in a timely fashion. Thank you.

Mr. COLEMAN. Will the gentleman yield if he has a moment left?

Mr. PETRI. Yes.

Mr. COLEMAN. Before I leave, Mr. Secretary, let me raise one issue which we haven't talked about, which I was glad to see the President talk in his address to the University of Michigan graduates.

And that is this phenomenon of free speech on campus. I think we have to examine it in some fashion in this reauthorization, and I believe that this would be a very appropriate vehicle in which to examine this phenomenon.

And I hope that you, as well as the President, have some ideas about this. I thought his comments were right on target, but we want to do the right thing, the appropriate thing, and assure free speech and expression, not just on the streets of this country, but on the college campuses as well.

So I want you to know that, and I want to work to try to develop something regarding this.

Secretary ALEXANDER. Thank you, Mr. Coleman. I think maybe the most appropriate way to go about it would be to have some seminars celebrating the 200th birthday of the First Amendment.

You know, I think we have to be a little bit cautious about legislation. We wouldn't want to legislate a correct way to look at political correctness, and I'm not sure how to do that. But I agree with you, and of course I agree with the President, that it is a strange phenomenon on American campuses today, and it's one that we ought to resist and help people understand that of all places in America, the places where there must be an opportunity for people to say many of the most outrageous ideas they have is on our campuses, and for there to be developed a sort of orthodoxy about what is proper to discuss and what is not is really an alien thought in this country, and especially it ought to be on our campuses.

Chairman FORD. Mr. Secretary, I want to thank you for that response. Mr. Coleman and I haven't had the time to explore this very much, but you just expressed the same kind of concern I have.

Obviously, we're all concerned about what appears to be a new phenomenon out there and everybody wants to rush to a legislative solution. But you just sounded like the lawyer, not the Secretary, when you talked about the First Amendment.

I have a lot of confidence in the ACLU's ability to protect the First Amendment rights of students at a school like the University of Michigan, but I recall that it was only a few years ago when the

university had to chastise a young man who was running the radio station because somebody gave him a whole slew of racial and ethnic jokes that he thought were hilariously funny but many of the students there did not think were hilariously funny.

And I'm reminded about Wendell Holmes' line in the First Amendment case that your right to free speech does not include the right to shout fire in a crowded theater. So we have all kinds of limitations on it. And, like you, I'm a little concerned about whether we have the wisdom to improve on the First Amendment that's 200 years old.

When I was going to school right after the war, I was at a school where the student body ostensibly controlled what kind of outside speakers could appear on the campus. And the Governor at that time of our State did not like it because one of the people he suspected of being a communist, a famous writer that I was at the same time studying in a literature course, appeared and spoke, and he thought he was a communist.

So exercising the Governor's right to a line item veto, he line itemed out the money for that university for the year and said, "I'll put it back when you promise you won't let any more communist sympathizers speak on it."

Now, that was after World War II, just before we went into the McCarthy era, but it was already becoming popular to do commie bashing.

But, then again, in the 1960's, we experienced it here, even after the unfortunate circumstances that occurred in Ohio with the National Guard and the students. We had people on this committee who would take us on on the floor each time an authorization bill or an opportunity presented itself to cut off all funds to any college that did not clamp down on war protesters.

If the university did not take affirmative action to prevent people from protesting the war on the campus, then all the students in that university would lose their aid.

It's sort of seasonal what is offensive to any one of us that's going on on the campus. And I have the feeling, as I think you've just articulated, that if we maintain our cool here the season will change and it will be something else that's offensive in a couple of years.

It's very difficult for us in the eye of the public to appear not to be concerned about what's happening there, but it wouldn't be at all difficult for a runaway amendment out there on the floor to put us in a terrible long battle over academic freedom in this country.

And I'm sure that if you pursue this the way you've pursued other sticky subjects like the race specific grants problem that was created before you got here, that we'll get through it. I hope nobody stampedes your Department into doing anything precipitous about what's said because the very university people who might like to have some relief from exercising their own discretion and judgment in managing that university will be the very first ones to come in here and attack us if we interfere with their academic freedom.

You've been a university president and you know that the administration of a university is constantly caught between this dynamic constituency of thinking young people with a lot of anxiety,

and at the same time, letting them do all this but keeping enough order so that people who are there to learn can learn.

And this new phenomenon, when the President mentioned it at the University of Michigan, I don't know that the people who wrote his speech knew what the recent history on that campus has been. Mr. Pursell was here; it's in his district, part of it in mine, part of it in his. But they have been going through a tremendous agony of trying to maintain a tradition of an open society on the campus and then deal with little hate groups that are popping up, and trying to move that kind of conflict, at least, off the campus. Let them go downtown and fight, but don't do it here on the campus.

Most of it is generated by race, but not entirely by race. Some of it is, and most recently, in our part of the country. We saw a lot of things happening to people who looked like Arabs or had names that sounded like Arabs. And the campus, really, is kind of a reflection of what's going on in society. And it's always very tough for the people there.

Mr. Goodling nudged us very strongly toward a greater responsibility for the administrations of colleges and universities to protect the safety and integrity of the students. And he had in mind, particularly, protecting them from attacks of any kind by other students. And we have actually adopted some language here in the past to nudge them toward a greater sense of responsibility to maintain a peaceful and safe environment for their students.

And now, we would be hard pressed to come back and say, "Except that we don't want you to stop somebody just because they're attacking somebody's race or religion or ethnicity." I don't know how to find an answer to it, but I'm gratified that you say you don't have a quick answer for it and that you are fully alert to the fact that it's one of those things that I suspect will bite whoever comes up with the answer the first time because it's just not going to go away.

We have some more people back now. What's happening here, Mr. Secretary, is that General Stormin' Norman Schwarzkopf is going to speak, maybe as I'm talking, to a joint session. Has he started already? He's going to momentarily, I guess, speak to a joint session.

I have the highest regard and respect for the general, but I think the work we're about here is every bit as important as what he's going to say today, and I can watch it on television tonight anyhow.

Mr. Roemer.

Mr. ROEMER. Thank you. I have two quick points and I will, in kind of a perfunctory manner, outline them and then make a statement on education, if you'll just bear with me.

The first question, and I'd like to associate myself with the remarks of the chairman and the ranking member, Mr. Coleman, and also Mrs. Roukema, is about access and eligibility for middle class and low income people for higher education.

Now, the second question is about, the possibility of establishing some type of a national award for performance based, quality schools, along some of the same lines as the Malcolm Baldridge

Award, which is getting all kinds of great recognition in my community, for instance.

And, thirdly, the question is about money that the Chairman, again, brought up in his initial remarks.

Mr. Secretary, I don't have a poll that says this, but I went to 20,000 doors, door to door, personally in my campaign for Congress. I found that middle class families are getting squeezed out of higher education. If they have two and three and four children, they can't afford the costs of college. Although I still have a student loan to pay on for graduate school at Notre Dame, Notre Dame and the University of Tennessee are not the average institutions. Many of these people in the middle class have no hope of getting their kids into higher education.

It's one of the themes that I had in my campaign that I heard more of than anything else. I think we have to address that problem in terms of fairness and squeezing out middle class people from their dreams of achieving better things for their kids.

Secondly, I'd also like to talk about just the focus of this bill, looking at the time period 1994 to 1999, and our willingness to lead in Congress and in the Education Department. As I told you before in my initial remarks, I'm willing to work with you on many of the President's proposals for innovative, creative changes for education, but it's going to take some money and some leadership and some political capital to do that.

If we're not going to do it based upon what we're looking at in a 10 year time frame projecting into the next century, I don't know where our priorities should be as a Congress.

On my Science, Space and Technology Committee, I told the Chairman I was going to vote against a 10 percent increase for NASA. That's not to say I don't support the space station or support the NASA program. Let's take some of that increase in NASA and make sure that we have the technicians and the engineers and the astronauts going into the next century to build those next generation of discovery programs.

It's going to take more than the Federal Government giving 8 percent of the money. It is going to take some leadership and some money to drive the change. I don't think we should throw money at this problem, either, but some money linked or attached to some of the innovation and change in some areas that the President talks about and in programs like Head Start and in middle class loans and low income loans and grants for kids. I think this makes sense for us as a competitive Nation looking toward the next century.

If we can't spend it on our kids in education, we are in dire consequences in the future. I'd just like to let you answer those questions and just conclude by agreeing with you when you indicated that the GI Bill, which was a national bill, and Sputnik led educational revolution in the past. We need revolution right now, Mr. Secretary, in education.

We have got to have the leadership and the money and the political capital in endeavor this or we are not going to make it against the Japanese and the Germans. We are not going to make it as a middle class society trying to have our middle class achieve their dreams.

I would appreciate it if you could address those three questions for me—access and eligibility for middle class people for these loans and Mrs. Roukema's concerns for recalculating eligibility and then the money problem. Thank you.

Secretary ALEXANDER. Well, thank you. I appreciate the spirit of your comments, especially both then and what you said earlier. And, in general, of course, we agree that the President's whole education strategy is sensed on the really very unusual idea that a President ought to lend part of the office to a strategy to help move the country.

And looking through his strategy, I think one can see that it includes most of the boldest thinking possible in transforming schools, colleges and universities, and maybe even more importantly, attitudes about education in America.

Now, going to your particular points, your idea about quality for colleges is a very good one. I don't know if the government could have a Baldridge Award for quality in colleges. We had a business school at the University of Tennessee that is trying that. We tried to apply that. They teach other businesses how to apply Dr. Demming's principles to the businesses, but they have a much more difficult time when they try to apply it to themselves or to their colleagues. Somehow it doesn't seem to fit.

But I think, probably, it should fit, and I'll discuss that with David Kerns, who hopefully gets confirmed within a few days, whose company just won the Baldridge Award, and he might have some special insight on that.

Mr. ROEMER. Mr. Secretary, just as a point aside from that, IBM just came into my district talking about their recognition of the Malcolm Baldridge Award and had a dinner for 80 community leaders and business leaders trying to promote the quality and the new production levels and the kind of award for their workers that comes with that recognition.

And it's not just the company, as you well know; it's the quality that spreads from that. And I think in education we need to get morale up and we need to have that kind of recognition for schools that are performing well.

Secretary ALEXANDER. Your other two points go to middle income families and money. And I'm not going to disagree with you. I think the best poll you could take is knocking on 20,000 doors and sensing how people feel. I'm sure people feel like college is hard to achieve for themselves and their families, and may be growing harder as more families have two parents working and budgets are tight and here we are in the middle of a recession on top of that.

But, in fact, more middle class Americans are going to college than anyone 25 or 30 years ago could ever possibly have imagined. Half of them have Federal grants or loans. College tuition or community college tuition—and I don't want to just be repetitive, but I think this keeps getting overlooked.

They're there and they're available in those places, and they don't cost very much. And I think the problem is that many Americans don't understand what their opportunities are. Now, of course, we can increase those opportunities. And when I was Governor, the question I had to think about, and I used to think about it this

way, was, "Should I tax a lower income person, raise his taxes, someone working here in the elevator or sweeping this place out or working in a low income job here, should I raise that person's taxes in order to send to school a son or daughter of the person in the office who makes more?" And I concluded no.

Now, in Washington, since you don't raise taxes and you just spend money you don't have, maybe you have a different calculus. I don't mean you, I mean this system here. But it's a matter of money. And you may be taking a responsible attitude when you say, "I'll vote no over here on this proposal so I'll free up 10 percent of the money that might have gone to space. I'll free it up for this." I respect that as a responsible budgetary decision even though that would be different than the President's proposal.

If we had another billion dollars to spend, would we try to increase the opportunities for minority families, lower income families, disadvantaged families to go to college, or would we spread it out among the middle income? I would say still that the first priority ought to be to help disadvantaged Americans get their foot in the door, rather than to give it to middle income.

Now, that's just a policy disagreement, and I respect the other side. But after thinking about it, that's where we've come down.

Mr. ROEMER. Mr. Secretary, I think that we do spend money like it's going out of style around here, and we do need to make education a priority. The money must be cut from somewhere.

I came to Congress at a time, Mr. Secretary, when a budget agreement has been hammered out last year that makes it impossible for me to move money around into education.

Secretary ALEXANDER. That makes two of us.

Mr. ROEMER. I think you, along with the Chairman, have a little more power to get that billion dollars for education than I do. I sure would support your efforts in trying to get that reallocation or reappropriation of money, sir.

Thank you.

Chairman FORD. Mr. Secretary, I've heard from several members on both sides that they would like to submit some questions to be, with your answers, included in the record after today.

And I'd like you to take one question with you that just occurred to me when you mentioned the magic number of a billion dollars.

There was a proposal that floated out into the newspapers earlier this year and caused a great deal of excitement, particularly a flutter in the hearts of all the bankers who saw their special allowance going out the window of a government loan program. And at the center of that was the claim that it could save a billion dollars.

We operate on the assumption that if you save a billion dollars from education, it ought to be spent someplace else on education. But there's nothing in the 30 page presentation except a brief reference that you may be considering another loan program. I hope that you'll have your people look specifically at what merit, if any, there was on what purported to be when it was reported in the newspapers an administration initiative in the loan area.

And I don't endorse it at this point, nor do I condemn it at this point, because I know that it has a tendency to be, and it will be, controversial. But at least it was a radical new idea that shouldn't

just get tossed in the dust bin until we look it over very carefully and see if it has any merit.

And I hope that while looking at the other questions that are given to you that your people could give us some idea about whether that's being examined as a viable possibility to consider in our loan portfolio.

Secretary ALEXANDER. We will do that, Mr. Chairman. That option is not now being actively considered, just so you'll know. Our focus, with Mr. Farrell as the point person, is to get control of this entire process of loans and grants and see that we're spending the money wisely in the way that we're supposed to be spending it now. That's priority one.

Priority two is to look quickly and carefully to see if there are alternate ways of managing this big enterprise in a way that would save money and improve services. When we get to that, of course, we will consider the direct loan idea. And if it were to be a good idea, we would recommend it to you. We're not prepared to do that now. We will be glad to answer your question.

Chairman FORD. Someplace in your shop over there, the staff reminds me, is a letter that I sent a couple of weeks ago with a series of very specific questions about the background and underpinning of concepts that were outlined in that loan program. And maybe that could be a good starting point for you to get a response for us.

Mrs. Unsoeld.

Mrs. UNSOELD. Thank you, Mr. Chairman. Mr. Secretary, you know the hazards of being the messenger, and also we would like to convey a message that be carried back. You said that the choice, the very difficult choice that we are facing, is between 3.4 million students getting a smaller amount of assistance or a lesser number, 3 million, getting a larger amount of assistance.

You said that community colleges, relatively speaking, are less expensive and, therefore, ought to provide greater opportunities for more of America's working families' children for education. But not just relatively speaking but in actuality, there has been over the last decade-plus an 18 percent drop in actual average wages of white male high school graduates with 5 years of experience.

So this country has increasingly been attempting to become more competitive internationally by lowering wages and lowering the standard of living for working America.

Now, you said we've got this terrible dilemma: It's either this or that. And it's a question of money. It's a matter of money. And I want to submit to you, isn't there another choice? Couldn't this Nation be brought together with the same kind of unified commitment for investing in this Nation's future and investing in this Nation's young people as we demonstrated in the Gulf?

We demonstrated that we Americans can do anything when we set our minds to it. Couldn't the President go before the American public and say this issue of our Nation's future and how we educate our children is of paramount importance, and make the case for raising the higher tax bracket, increasing the amount of real money rather than this Hobson's choice that isn't really a choice.

Because if he doesn't, if he isn't willing to go before the American public and make that kind of a pitch, isn't the administration saying that education is of less importance than the Persian Gulf?

That it's of less importance than the $40 billion, $50 billion, it keeps going upward, that we're going to cough in to bail out the savings and loans?

Isn't that also a choice for this very, very popular President?

Secretary ALEXANDER. The President did precisely that 2 weeks ago. He went before the American people and outlined an education strategy. He said, "Now that the war is over, we ought to turn our attention to home, and here is the way that I would propose helping America move itself toward the national education goals." He hopes to do just that.

He did not recommend that the Federal Government start funding all of education any more than the States should start funding the Persian war. Six percent of elementary and secondary education comes out of here, and maybe 15 percent of higher education.

And any meaningful change in terms of financial support for education or support generally, has to come community by community and State by State. And the President is trying to provide the framework for that.

He didn't recommend that the first thing everybody do is go out and spend more money because that's, in fact, what we have been doing. In between 1980 and 1990, spending for education went from $160 billion to $400 billion, and spending for defense is $300 billion, and going down as spending for education is going up. So they're both very important. Defending the country is important; understanding what we have to defend is equally important.

And the President wants to help use the Presidency to cause America to transform its thinking and change its structures and value education more highly. One big reason why white males that you mentioned are making less money is because they don't know enough and can't do enough to compete in a world of people who can do more and know more.

And that's what we need to change. And it's hard to go from here.

Mrs. UNSOELD. You're correct. And you're correct that the emphasis has been described in the President's strategy for education, but it can't be delivered without also the dollars. And given where we are, the kind of, "You've got to cut one to do the other"—unless the President is willing to go before the American public and say, "This is so important we really do need to raise taxes to do it."

And it ought to be to increase the tax bracket at the highest level, so that we do not have to choose between dropping those 400,000 students in order to give a little bit more to a fewer number, so that we don't have to address early childhood education by saying that we will only fund Head Start for the eligible 4-year-olds.

We know that that is a cost-effective program, that if we are going to turn around having 40 percent of our kids who are programmed to be at risk to fail when as 5-year-olds they come to the school house door, we have to invest. And it means real dollars. The States don't have it; the local communities don't have it. More and more, Federal responsibilities have been shifted there. They're laying off teachers.

We have to have a leader go to the American public and make the case that it isn't shifting money; we need real dollars if we're going to win this one.

Secretary ALEXANDER. That's a very eloquent statement. I appreciate your making it. I'm sure the President's position at this time is not to recommend additional Federal taxes. And if he were to recommend some, I assume he would suggest what every Governor would do in their State, which is reducing the deficit before you create a bigger one.

Mrs. UNSOELD. Oh, I'm sorry. I thought I was going to be through but that—we've got two deficits we're dealing with. Yes, we've got to reduce our fiscal deficit. But the deficit in our Nation's future, if we don't invest in those children, is greater than that other debt.

And we have to do both. We can not wait to invest in our children until the other is completed. And that means more real money. Thank you.

Chairman FORD. Mr. Jefferson.

Mr. JEFFERSON. Thank you, Mr. Chairman. My questions won't involve quite the passion of Mrs. Unsoeld's. I don't doubt that anyone's could at this point.

But let me, if I may begin by just making some remarks. I am in agreement with you,if we're working with any limitation of money, as to where the emphasis ought to be placed with respect to aid to those who are seeking access to higher education.

I must say, however, that I do not believe that the two issues ought to be at war. The issue of helping the low income student and the issue of helping the middle income student, I don't think those two ought to be at odds with each other. They are, as you point out, because of a lack of money.

The real culprit, of course, is the cost of going to college now. And the stress is coming because it's just a lot more expensive and it's a lot more difficult for people to afford it, even given the level of programs that have been offered in the past. They just don't make up for it for the cost now.

You also have the other issue of more children in the family going to college, which is an added burden for families. You take those two things together and it's a real, it's a major new problem.

I don't think that the present programs take those two into account nearly well enough. And somehow or other, to meet this issue, perhaps we ought to think about what to do about families that have more than one child in college, as against treating them as if you have one or you have several it doesn't make any difference. It seems that it ought to make a difference.

Somehow or other, the programs that we're involved in ought to have some relation to cost. We ought to try and provide incentives. Tim is talking about incentives on the one hand for achievement, but I think we ought to also talk about controlling these costs somewhat because there are severe questions as to what's causing them and why they're growing to rapidly and getting out of the reach of the folks who want to go to college.

The other thing is this: I don't think we're on all fours when we talk about community colleges, proprietary schools and 4 year colleges. And if someone has access to either one of those three things, it's not the same access. The 4 year degree, of course,

means a heck of a lot more. And when we were down having some debates in my State of Louisiana—I served in the legislature down there for 11 years as a State senator—that there wasn't much confidence in expanding the community college system there.

And the reason was because there was a very low transfer rate from the 2 year schools to the 4 year schools. And they were kind of like that old advertisement on the roach motels that you get in, but you don't get out. There was a huge drop-off because students who started never made it even through the 2 years. And those who made it the 2 years, 8 percent made the transfer to the 4 year schools.

So it was an illusory opportunity. And as we look at the limitation of money, we ought to really make a judgment as to whether we give the same emphasis to money for those schools as we do to the 4 year schools.

And I'll say one other thing, too. The chairman makes an interesting point when he talks about the costs for the concentration of minority students in junior colleges and 2 year colleges, whatever.

And when you have the duality of an emphasis on increasing the grant amount for low income students and, at the same time, taking away the number of grants available, and when you look at what the concentration is, in effect, what you may be doing is limiting access for students when you really are hoping to increase it.

Now, on the other hand, if your emphasis is going to be away from those junior colleges and so on to 4 year schools, then it may make a little more sense. So I'll just throw that out for whatever it's worth. And, generally, the advice we give up here is about worth what it costs you. It didn't cost you anything so you can value that.

But I want to ask you a question after all that talk that I hope you'll give some consideration to the thoughts that I have thrown out. I really think that there needs to be a good look-see at what we want to do with 4 year college access and with proprietary college and with junior college access, and treat those in ways that at least allows us to discuss them differently because they are, in fact, very different.

There hasn't been much talk, and I suppose if I don't bring it up, given as short as this meeting has gotten, it won't be discussed. Title III of the act does a lot of talk there about strengthening our historical colleges and universities. I just want to know what your thinking is on that, whether you see the role that was stated in the 1965 act as still a viable and one worthy of continuing the strengthening, or whether you feel otherwise.

It seems to me these schools are playing a greater role now, it turns out, than they were then. They are more productive than they were then, but I just want to know what your thinking is.

Secretary ALEXANDER. Well, that's a wide ranging set of concerns, Mr. Jefferson. Thank you very much. My thinking is that the historically black colleges are very important. I met yesterday for a while with the President's newly appointed advisory committee on historically black colleges to try to set up a line of communication with them so that I could understand from their point of view what their needs are.

These are institutions that are important to the administration, among other reasons, because they have traditionally been important to the President in his private life and his personal contributions. He's interested in them and sees their role. So they're important to us. I don't have any major recommendations today to make other than what we have said in our statement, but they're important.

On the various questions that you raised, I thought I should point out that the formula we have now for grants and loans do take into account the number of students in a family, and they do take into account the cost of the different colleges. For a more expensive college you might get a larger grant.

And insofar as the community colleges go, I don't think you have community colleges in Louisiana, I don't think.

Mr. JEFFERSON. A handful. We don't have a system as you have in Mississippi.

Secretary ALEXANDER. I think you'd be better off if you did because our experience has been that, you know, most people don't graduate from university, even I think the students, the people who got all concerned about the athletes and their graduation rate. And I think it may have included some people on this committee last year discovered that the athletes generally have higher graduation rates than the rest of the students.

And what we found out is that the graduation rates aren't so important anymore because we have the typical student that comes, the single mother who starts college in 1981 and finishes in 1989, and so she wouldn't fit within any normal 5 year graduation rate. Or the colleges, and especially the community colleges and technical institutes, are populated by people who don't want or need degrees. They just want to learn more, understand more, about a particular area or discipline. So it's not as if they were poor students; they just are getting the further education that they think they need to improve their job or make their life better.

I agree that community colleges have a different role than universities, but we're going to go from a situation in America where 4 or 5 percent of the people are going to have college degrees to a place where half of the people will have a college degree, which is where we hope to be, maybe, by the end of the century. Maybe it will be 40 percent.

Then I think we have to build in an alternate system for the more expensive 4 year college. And I think the community college system, keeping tuition at a level below $1,000, being available so people can live at home, is an excellent alternative. And increasingly, those campuses offer what they call transfer courses so that people may, as you indicated, at a greater rate take college courses there and then transfer to LSU or wherever they might like to go.

Mr. JEFFERSON. Well, I suggest in my remarks that there was a raging debate about whether we should go to a community college system. And the decision that has been, at least for the moment, made that it shouldn't be done because the reason that we're talking about it was to provide access for students who are underprepared in certain high school courses to take on the college curriculum at certain schools and State 4 year schools. And so the idea

was to give them other opportunities leading, hopefully, down the line to their suitability for transfer to another.

That turned out to be a discussion that didn't lead us anywhere. Now, it may be that there are students who go to these schools who simply want to get a certificate or, maybe, not even that, who simply want to go there to take a course. But those ought to be separated from those who aspire for higher things and who don't achieve them.

The other thing is I think it's quite a good measure for how well the schools are doing as to whether you graduate. After all, if you don't graduate it has certain consequences which are different from than if you do.

And schools are continually judged as to whether they are able to produce graduates. Now, about half the students, maybe a little less than that in the country who go to college are able to get out of it. Now, if you say there are certain circumstances where students go and it takes them 6 or 7 years to go, but those are ones which are more isolated, if you will, than the regular student who starts off as a freshman and wants to finish in 4 and 5 or 6 years.

Anyway, you know a lot more about those details than I do.

Secretary ALEXANDER. Mr. Jefferson, the number of students who graduate in 4 years in American colleges and universities is like 20 or 25 percent. I mean, it's not a very meaningful statistic anymore. And the students who go to community colleges, 60 or 70 percent of them are over the age of 25. They're not kids; they're people who need to go back to school. They're adults who are in the work force, who went to work for the phone company and never learned the computer and they have to go back and learn about a computer to keep their job.

Mr. JEFFERSON. Here's a question. Let's, so we don't get off track too far, as I kind of feel like maybe we are. In the context of what we're doing here, that is to say, to reauthorize the Higher Education Act, looking at what our goals are in higher education, in postsecondary education, are they to provide assistance for someone who wants to go back to have a course in computer literacy, or are we talking about reaching the people that Tim Roemer is talking about whose family wants their kid to go to the University of Indiana, I guess, or some other 4 year college?

And do we, when we talk about American competitiveness, are we talking about the traditional college setting, or are we talking about something else? And if we're talking about something else, of course, we can structure it a lot of different ways. But if we're talking about the 4 year school and the baccalaureate degree, and education beyond that, then it seems that we are speaking of the traditional college setting.

So maybe we are unclear on what we are trying to achieve through our efforts here. But my emphasis on the 4 year school, the graduate school the baccalaureate degree, and I think there's something to be said for that. We have to decide which way we're want to go, though, Mr. Secretary. We can't do it all, as you point out. And we need to decide which place we're going to place our emphasis.

Chairman FORD. Do you have any response to what he said?

Secretary ALEXANDER. I can always keep talking, Mr. Chairman, but I don't want to take up time from other people. Well, I think we have a little different emphasis of opinion. I think there are limits on the amount of money that any of us could make available. That a principal objective ought to be to move America's competitiveness over the next 10 years. Eighty-five percent of the people who are going to be in the work force 10 years from now are already there. They're not the children; they're the adults.

And the quickest, fastest, cheapest, most efficient and most effective way to improve our competitiveness in this country would be for the parents to go back to school, not the children. Now, the children ought to also go to school so we'll be competitive in the next century, but if we want to move in 1991, 1992, 1993, 1994, 1995, and 1996, it would be for the parents to go back to school and improve their skills.

And they will principally go to a wide range of institutions. And because of cost and accessibility and because they're open at night and offer courses, I think the community college system and the 2 year system are a very appropriate and effective place for them to go.

I know in our State, if they're at the Saturn plant in middle Tennessee and want to go to the University of Tennessee, they can't go because of the rules of the State. So the only options are to go to Columbia State Community College or drive into Nashville. Many of them do that and they're happy to have the opportunity.

We're not really arguing. I think we're talking about the relative importance of the emphasis of the 4 year college, which I've been president of one for the last few years so I think it's terrifically important. I've also come to admire the community college system.

Chairman FORD. Mr. Andrews.

Mr. ANDREWS. Thank you, Mr. Chairman. I also mean no disrespect to General Schwarzkopf by being here, being the fact that he's from New Jersey and I'm from New Jersey. Although I do think the one lesson of the war that we have clearly learned is that when you want something done right, put someone from New Jersey in charge of it, which is why we're here with you.

We began these hearings last week with some excellent testimony about the context in which we're going forward, about competitiveness. The chairman put together a panel about the new American economy and how this act fits into it, and I'd like to think that today is another step in that conceptual framework that we're developing.

And I'd like to ask a couple of questions which I wouldn't expect you to have statistical answers to today, but I'd like you to try to get them for us so we could frame the conceptual approach to the problem.

First, let me say that I completely embrace and agree with your call for improvements in quality and awards for excellence. I think that your focus on insuring integrity and improving service delivery in all the programs is very well placed because it helps build, and in some cases, rebuild public trust.

My first question is this: Can the Department tell us how many Americans who wish to get a higher education—and within that umbrella of higher education I would include 4 year schools, 2 year

schools, proprietary schools—how many Americans who wish to get a higher education aren't getting one today because of a lack of resources?

Secretary ALEXANDER. Well, we can tell you how many can, which are 6 million. There are 13 million people in our colleges and universities, 10 of those are in our public colleges and universities, 6 have a Federal grant or aid.

Ms. Christiensen, do you have any way to estimate how many people don't go to college because they don't think they can afford it?

Ms. CHRISTIENSEN. No. I would just say right off that I think with the combination of the Pell grants and the campus based programs, which are supplemental educational opportunity grants, and work/study programs and the campus based loan programs, as well as the general loan program, as well as the other kinds of State aid such as the State student incentive grants, as well as the subsidies to public institutions that the Secretary referred to earlier, I think that my own impression is that if a student really wants to attend a college, even a 4 year institution, that there are substantial resources available to do that.

And, also, at the college level there are various kinds of scholarships. There are scholarships even put out by nonprofit private institutions and private companies. I just don't think that there would be any sizable number of students who are not able to get into college. We can look into it and see if there's any study. I have never seen it.

Mr. ANDREWS. I'd be very interested. I suspect that at some of the 20,000 doors that Mr. Roemer knocked on and some of the thousands of doors that I knocked on, that people might disagree with that conclusion. Although I think that maybe they're speaking to a slightly different question, and let me phrase it this way.

We might categorize some groups of people in our society as the undereducated, where people have access to opportunities more limited than their abilities might justify. And I wonder if there's any measure that the Department has of this situation.

How many people do we have in the country who have the academic skills and the desire to go to a 4 year school, a quality 4 year school, who are unable to do so because of financial limitations and resource limitations?

How many students? And, by the way, let me preface it this way. I am a great believer in support of community colleges. My background is in county government and I was the chief elected official of a county government that funded an outstanding community college. And I mean no derogation whatsoever.

But how many students are in 2 year programs not because they've chosen a 2 year program but because they can't afford a 4 year program that would lead to a baccalaureate or a higher degree?

Secretary ALEXANDER. I would assume a lot, Mr. Andrews. That's the whole reason for the existence of community colleges, so that as we seek to educate 10 times more people beyond high school that we have reasonably affordable places and are accessible so that they can go.

Mr. ANDREWS. Is there any measure that would be more specific about that question?

Secretary ALEXANDER. I wouldn't imagine that we could. As I remember the time of going to college, I don't guess I met very many people who didn't think it was difficult to go or that they needed more money or could have used more help. And as a university president, I spent time every day with families who were having a difficult time paying their bills. So their course is never easy.

Mr. ANDREWS. Do we have any target estimate of the cost of closing that gap, how much it would cost us to build on that $12.6 billion you make reference to in your testimony to open the doors of all the 4 year schools?

Secretary ALEXANDER. Well, since I didn't define the gap, we don't have any target, no. And I don't know that that's an appropriate goal. I think the goal should be to provide a wider range of opportunities for Americans of all ages to continue to get a quality education.

And I would argue very strongly to a family that in many cases a community college is not only an equal opportunity in the first couple of years of an undergraduate degree, it is sometimes a better solution for a student, and a lot cheaper.

Mr. ANDREWS. Let me just close with this question. And I would ask just conceptually if you would agree or disagree with this statement, if the administration would agree or disagree with this statement: The policy of the United States should be that every person who wishes to obtain a higher education and is willing to work for it should receive one.

Secretary ALEXANDER. The policy of the administration is: number one, that the responsibility for education of all ages is primarily a State and local matter; number two, that it is the particular function of the Federal Government to help limit the degree to which money is a barrier to education; and that, third, the last 25 or 30 years are an enormous success story because we've gone from a place of where maybe 5 percent of Americans had a college degree to a situation where maybe half the high school graduates go and many adults are going back, and where one out of every two students has a Federal grant or a loan to help with that.

Mr. ANDREWS. I guess the discomfort I would have is that I agree that the last 25 years are a terrific success story. I would not have gotten my education in the last 25 years without the kind of programs we're talking today about reauthorizing. Unlike Mr. Roemer, I did pay my student loan back already. Let the record show that.

But I guess the discomfort I have is precisely because the Federal Government took such an active interest in 1965 and in other years that we were able to do this. I mean, why is the administration reluctant to embrace a goal that would create universal access through a Federal system? What's wrong with that?

Secretary ALEXANDER. The only thing wrong with that is that is the $300 billion deficit, Mr. Andrews, annually.

Mr. ANDREWS. Don't you think there's a very strong argument that that's one of the solutions to the deficit problem, rather than——

Secretary ALEXANDER. No. I think the way you reduce the deficit is to have enough money coming in to pay your bills. I mean, that's what I was used to as Governor. I always wanted to—I mean, I rarely found anyone in education that wouldn't enjoy having, and usually use well, some more money. But there was a limit to it.

And if we have more money to spend than we think we do, why, then we can suggest ways to spend it. You can always do that. And, of course, it would be wonderful to reduce further the barrier that exists to going to college. But I think that when we start with the fact that 70 percent, for example, in our State of the costs of attending a 4 year university are paid for by the State to start with and the student only pays 30 percent and then we come in with a Federal grant or a loan for half the students to further reduce that amount of money, that in the United States we've come a long way.

Mr. ANDREWS. I thank you very much.

Chairman FORD. Mr. Payne.

Mr. PAYNE. Thank you very much. I, too, am from New Jersey and as my colleague said so is General Schwarzkopf. And if you want it done right, you have someone from New Jersey do it. I thought he was going to say if you want to have it right, you spend the right amount of money to get it done right.

I don't think anyone can quarrel that our priorities over the last decade have been, that we should build a better plane, a sneakier plane and a smarter bomb. And we spent, I guess, about $3.5 trillion over the past 10, years zooming for another $3 trillion over the next 10.

And when I look at what we spent on education, about one-tenth of that, I just wonder in this Nation, how we talk about the fact that we're moving towards competition and I get a little concerned. I just look at the fact that in the year 2000 we're going to need 17,300 Ph.D.'s in science and math. We will graduate 9,300, leaving us 8,300 short.

In the year 2020, it's interesting that 50 percent of the students in school are going to be the black, Hispanic, Asian or Native American. And 23 of the 25 largest school districts in the Nation today are majority minority. There are 25 percent less 22 year olds in 1991 than there were in 1981. Moreover, there are going to be, 25 percent less 22 year olds in the year 2001.

So what we're going to have, actually, is a tremendous increase in minorities. We're going to run out of white men so we're going to have to expand science and technology to people who have been traditionally shut out women and minorities.

My question, then, deals with, and of course we're now discussing higher education, but have you given any though to how are we going to be able to prepare inner city youngsters with the skills that will be necessary to move into science and math in the year 2002 and 2010 since a majority of these students are going to be minorities and women?

And, secondly, years ago we had the opportunity with the brain drain to have people from other countries, and particularly third world countries, come to the U.S.A. for employment. But now, as we know, with this world technology, we don't attract the people to

come in anymore so we're not going to be able to supplant the number of people we need by taking them from other places.

How do you see yourself going about addressing these statistics as it relates to our competitiveness worldwide?

Secretary ALEXANDER. Thank you very much for your point. One way to maintain a brain drain toward us is to continue to have the finest system of colleges and universities in the world. Some of the best students on our American campuses are students who are attracted from other countries.

And while sometimes that bothers people and they say, "Well, why should they be here and our folks should not be there," the fact is that where would we rather they be? The University of Beijing, somewhere in the Soviet Union learning about another culture?

The truth is our colleges and universities have been a magnet for a lot of the brain power that is very important to America. And we should be happy that those universities are in our country, not in some other one.

As far as your excellent point about the number of disadvantaged students, minority students, who need to be a part of the technical or science or math or Ph.D. group, we would hope that our proposal for the Pell grant would be a substantial help because what we're suggesting is to dramatically increase, by 54 percent, the size of the Pell grant and to target it toward low income families, a disproportionate number of which are minorities.

And, hopefully, that will provide an incentive for those students to go to college, a way for them to stay in college. And then, hopefully, that will produce the larger number of students that you're talking about.

Mr. PAYNE. Thank you. Just one last question. One of your assistants, I guess you inherited them all, since you're new; But one of them that made some brilliant statement about the Fiesta Bowl and the violation of the Civil Rights Act because $100,000 was being created as a scholarship fund of brand new money that had never been out there before. But his brilliant interpretation was that there was a violation of the Civil Rights Act.

I thought that when you came in you were going to at least attempt to clarify that issue since we already know that we are underrepresented in higher education. As a matter of fact, there are less minorities in higher education today than there were 10 years ago.

You need to clarify that so that we can stop having universities in my State and other areas who seem to be questioning whether they're violating the 1964 Civil Rights Act by having minority scholarships. Because I think the quicker that it's clarified, and I hope someone else does it, other than the one who announced it, because it was very confusing out there. It would be great if they could move on to that so that we can go on.

Where does that stand at the present time? Has there been a clarification from your office?

Secretary ALEXANDER. Well, I hope there's been a clarification. Number one, there should be no problem for a college or university today to pay much close attention to what we say because we've made it absolutely clear that they should keep doing whatever

they're doing. I've said that numerous times, and that's what we're telling them.

Now, the second thing is that we are reviewing the question of to what extent race can be a factor in a scholarship. And rather than just jumping to some conclusion about that, we thought the correct thing to do would be to find out what we're talking about first.

So we've entered into an arrangement with American Council on Education, which includes most of the colleges and universities, I guess all of them, really, and we're surveying the colleges and universities to see to what extent race is a factor in scholarships and what is the rationale for that.

And when we find that out, then we'll see if we then have a problem comparing that with Title VI of the Civil Rights Act, which prohibits, basically, the spending of Federal money making a distinction based on race.

If there is, then, a problem, a problem being that there's a practice on some campuses that seems to violate what the Attorney General tells us is the law, we will sit down with the colleges and universities and seek to help them continue our main thrust, which is to provide opportunities for disadvantaged Americans to go to college. And we'll try to work through the problem without jeopardizing the opportunity for disadvantaged people.

Our goal is to help disadvantaged Americans get in, not to get them out. And that's what we'd like to make clear. But there may be, before we get through the end of all this, some area of which there has been some use of scholarships with race only as a factor that may create some problem with the Civil Rights law. We don't know that and we're not deciding that yet. It's be another 2 or 3 months, I would suppose, until we can finish the survey of all the colleges and come to a conclusion.

Mr. PAYNE. Thank you.

Secretary ALEXANDER. Thank you for your question.

Chairman FORD. Mr. Secretary, just on that point, you said that you were surveying the colleges to determine the existence of, I take it, race specific awards. Really, my understanding, and I share Mr. Payne's obvious admiration for, was that he's talking about the Civil Rights Act in totality so I hope that your survey is also looking at gender and ethnic specific awards as well.

Because if race specific awards are not right, then gender and other ethnic considerations are in trouble also. And I come from a State where we have institutions that do both. My principal State university will only give you a Ph.D. free ride in political science if you are an oriental woman, not a citizen of the United States. And we have one school that will give you money to go to school only if you're of Finnish descent.

And it goes on and on. We have some Indian grants and others, and this man's opinion, to some of us, throws a cloud over all of these kinds of awards that pick some characteristic other than academics for the recipients.

So I hope in your survey it's broader than simply how many of them are out there for race because if it's determined that we're going to bring down race specific awards or schools that engage in race specific awards, then at the same time we will undoubtedly

bring down the gender specific and ethnic or religious specific as well.

Mr. PAYNE. Mr. Chairman, if you would yield for a second.

Chairman FORD. Sure.

Mr. PAYNE. Also, in many schools, as a matter of fact, I think it's probably more of a practice than not, that a faculty member has the right to have their child attend that school free of cost.

Now, if we really want to get into it, I was so shocked when the whole question of this $100,000 grant to the University of Louisville to try to increase the number of minorities at that institution was, not only attacked, but then a clarification 2 weeks later came back more strongly than the initial statement.

And so, as the chairman said, we need to see whether a faculty member has the right to have his or her child have an education free because they're on the faculty. So as you are going through these programs, I hope you reexamine this whole question, which I think was ridiculous in the first place.

Currently there is an all time low of minority students getting an opportunity for higher education and we've got a tremendous decline—and that's certainly not your fault, you're brand new—it's just a lot of social and psychological issues.

I, too, worked my way through college and I was saying that to some young people and they say, you know, "That's great. Could you tell me where I can find a job?" And there's a big difference when we use our own reference about how we made it through school.

There are no jobs in my city, especially for people 18 to 24 years old. And that's why they all join the military. Its the only viable option in my town for a kid who wants to move ahead. And that's sad.

So I would just like to see whether all of this will be examined.

Secretary ALEXANDER. If I may make brief comments to those two points, Mr. Chairman. The controversy exists because of the provisions of Title VI of the Civil Rights Act. There's nothing in that about faculty members.

Now, if Congress wanted to provide rules about what universities might do in permitting its own employees to have discounts to go to college, it could do that, I suppose. I would argue that it wouldn't want to, that you would want to leave that to local governing boards.

Mr. Chairman, I believe the survey which we have undertaken with the ACE has to do with race because that was the issue that was raised with us. It's a fairly comprehensive survey.

Chairman FORD. I submit that the incident that caused the issue to be raised, or was referred to by the now famous letter, involved race, but the Civil Rights Act that it makes reference to goes beyond race. The kind of scholarships that he was responding to, the suggestion was that there would be scholarships for minority students as defined by race, but the Civil Rights Act does not limit itself to race. It also deals with gender and religion and other matters.

Secretary ALEXANDER. I think in our survey we're only looking at race or national origin. And I'll send you a copy of the survey

and let you see what we're doing and see if you want to have any further questions of me about it.

Chairman FORD. Thank you. I want to thank you, Mr. Secretary, for this long morning you've put in with us here, and apologize to you for the interruptions. Let me just give you one more thought to take with you without holding you up.

In describing the President's initiatives in talking about choice, on more than one occasion you have said publicly that what you picture choice in the elementary and secondary schools is something like the Pell grant where you assign a student an amount of money—as I understand it, it would come out of Chapter One—and let the student take it to any school they want to take it to.

I think you've been into Pell long enough to know that we don't do that in Pell grants. And I'd like to suggest that you spend a little time exploring the difference between the way you determine who gets what under Chapter One and the way you determine who gets what under Pell. In neither case do we give a student money and say, "Take it wherever you want to."

You can't, for example, use the cost at the University of Tennessee to establish your eligibility for a Pell grant which is based, in large part, on the cost of education and take that amount of money and go to a community college and pocket the difference. There is no package of money that moves with the student from institution to institution. The amount of money that a student is eligible for under Pell is very much a function of which institution that student is applying to enter.

Now, in the case of the Chapter One money, the student is in no way identified, and the characteristics of the students economics have nothing to do with where the chapter money is. The fact that they live in an area that's heavily impacted by low income population directs some money into that county. And then when it gets inside of the county they decide how they'll divide up the money between the school districts in the county.

And then, when it gets into a school district, they'll decide which schools are impacted by whatever characteristics they want to use, not entirely economic, and need the Chapter One programs. And we've had so much trouble, Mr. Secretary, over children who lived in an area that made them eligible to go to school that had a Chapter One program in remedial reading and they needed the remedial reading, and then a Federal judge came along and said, "We're going to help you by busing you to a school that has a majority of children who aren't poor but also doesn't have any Chapter One remedial reading program."

And we've tried every way possible to figure out how to get off the horns of that dilemma. And I wanted to leave you with the thought that you are suggesting the creation of a new dilemma for us by putting apples and oranges together in this comparison that you use of treating Chapter One money like we treat Pell grant money.

And I hope that you'll spend a little time looking at that because it's already creating reactions from people who are asking us if you really mean it. And I say, "Well, I think he really means it but I think he needs to become a little bit more familiar with the peculiar characteristics."

It took us years, Mr. Secretary, to convince school superintendents that they didn't have to ask kids how much their daddy made to put them in a Title I program when it was called Title I. It just didn't come across to people that we don't identify specific children. It's not like the school lunch program, the free and reduced price lunch.

We do not put a child in a remedial reading class in a school, thereby making him a Chapter One child, because of his economic situation. We put him in because of where he lives and is sent to school. And if he's lucky enough to be in a school that has a remedial reading program, it doesn't matter whether his father is the town banker or the town drunk. He gets into the class because he needs remedial reading, not because of his economic status.

You get money in Pell because of your economic status, not because of an educational measurement of any kind. And I hope that you will, before you create some false hopes out there with people about the adaptability of these two programs, have another close look at it.

I would not have raised this publicly but for the fact that you've now raised it publicly often enough so that the questions are starting to come back. And we want to avoid having people misunderstand.

Believe me, after 1965, when we devised this formula, it took us, literally, years to convince people that there was no means testing involved in the program because they had the experience of the school lunch program and said, "Oh yeah, Congress once again has said if you're a poor kid you can get remedial reading." We never did say that, never have. And there's no difference in it now that it's called Chapter One, than from old Title I.

But even educators had a hard time bringing themselves to understand that that program was not tailored to the individual needs of a student as measured by their economic status. It's entirely possible for the richest kid in town to be in the remedial reading program just because he goes to a school that has it because there is no identification of the children in the remedial reading program under Chapter One with economics at all. It's the school district's economics, measured by who lives in that school district.

And I think you've got somebody over there in the Chapter One department who could give you a quick briefing on the wide variety of ways in which Chapter One money is distributed when it gets inside of a county or inside of a school district.

The way in which is was done in the former chairman of this committee's Los Angeles district is very different than the way it's done in my Michigan district, and they're both legal and they both meet all of the requirements of the law. But there is an unlimited amount of individual ingenuity at work out there. There is no single formula that gets the money down to a specific child.

And the last time we reauthorized elementary and secondary education, we chased our tail around here trying to figure out how you could generalize on how the Chapter One formula works within States after you get past the county because the only census data we have goes down to the county level. And a majority of the

States have school governance and attendance areas that are less than county wide.

So there was a vacuum left between what the census can tell us and what's really out there that the ingenuity of people at the State and local level has filled. They rushed in and took care of that vacuum.

So I hope you will have people have a look at it and particularly look at this concept of Chapter One being somehow portable because that's what's getting the public school people upset now is that they think you're talking about taking money out of a Chapter One school and letting somebody who has the ambition to do it take it someplace else. And they say, "How do we run the program for the people who are left?"

And when we bussed the child out of the Chapter One school for school integration and took him away from the Chapter One program, we didn't at the same time take any money away for running the program for the kids who stayed in the poor part of town. And that's the real difference in the way we see what you're doing.

And I bring it up only because it's essential that you understand pretty clearly what kind of hurdles you have to jump to try to make Chapter One money look like Pell grant money. It really becomes very complicated. I don't think the Pell formula would work any place except in higher education.

And, as you may have noticed, Mr. Coleman and I made reference to what we think was generated by OMB, as the young lady from New Jersey pointed out that she'd heard this before. She was the first one unkind enough to bring up the name of my former colleague from Michigan, Mr. Stockman.

But the plan you're now giving us was a David Stockman plan that cut the cost of Pell grants. And somebody has put together for you and sent you up here with what David admitted to us, and what he wrote about in his book, had no motivation except to reduce the number of people who got Pell grants and save money for the budget and back that as a new idea about how to help the poor. It won't sell that way, Mr. Secretary, because it wouldn't sell before as a budget cutter. Nobody believed that it was really intended to help poor people.

And if your staff, and you've got great number crunchers sitting right there next to you, is telling you that this has an educational motivation rather than being budget driven, either that person is mistaken or they're misleading you. And I hope you'll have a look at these things so that we can start working together on being able to define where it is you want to go. And we'll go as far as we can go with you. We're not quite sure that we're singing out of the same book.

And I think you saw here this morning on both sides of the aisle, we really want to work with you. It depends a great deal on us agreeing. We have to get an agreed statement of facts, as lawyers like to state, before we argue about what the law is. And we're not yet at that stage.

I thank you very much.

Secretary ALEXANDER. Mr. Chairman, if you'll permit me just to—I listened very carefully to what you had to say. I understand very well except, maybe, for the application form for financial aid

in higher education that the Chapter One program is probably the most complex piece of legislation I've run into. And I know you're the ranking expert on that.

But I think I've got my concepts right. And as you get to know me, you'll understand that nobody makes up something for me and sends me up. I speak my own mind, although I'm a part of the administration.

I do think that the Pell grant system is a very instructive system for us to think about as we spend money on behalf of elementary and secondary students. Most of that money is spent by State and local governments, not by us.

And the analogy that I was seeking to make there was that in the Pell grant system, if I'm poor and entitled to some money, I can spend it where I want. I can go to UT or I can go to Vanderbilt. It'll be a different amount of money, but I could go to either place. And the university is the agent for the government and the money is there because I am there. And if there's any extra money, it goes to me.

That sort of system, I think, would be perfectly consistent for a plan of giving disadvantaged students a broader freedom of the choices they have in elementary and secondary education.

In terms of Chapter One, I understand it's different and that it services areas where there are concentrations of children who are both economically disadvantaged and educationally deprived.

And in any proposal that we might make in the legislation later this month, we would be very careful not to disrupt those services. What we would try to do in terms of Chapter One is try to respect first what a local school district might want to do, and then let the Federal money in our recommendation go as far as the local school district wanted to go with its own money.

Now, that may not be something that appeals to you, or that line of thinking. You may not buy it; you may reject it. But the way I was using the Pell grant earlier was that we've had nearly 20 years of experience now with letting students choose institutions with an amount of money in their pockets, so to speak, an amount of money that at least followed them. And that that might be instructive to State and local governments as they thought about devising similar programs for disadvantaged students who might want a wider range of choices. I understand that Chapter One may be different.

Chairman FORD. Well, one of the differences that comes quickly to mind that you'll appreciate as a good lawyer is that the court has nailed down very tightly the idea that since most private schools at the elementary and secondary level are church related, that using public money for private schools is prohibited by the First Amendment. And the same court, over the years, has said that since, except for seminaries, college education is not primarily for the purpose of inculcating into or teaching a child about religion, and therefore, we don't find a problem with financing private schools.

But if you look at our programs, you could go to the university that I went to for my law degree with our programs, but you couldn't go to the school of theology on that campus with our pro-

grams. We won't pay for your theological education with student loans. And that's been the case ever since the beginning.

So, actually, there is a clear distinction against a school that you would be attending to get religion, and I don't think you'll find very many parents with their children in private schools who would want to deny that their primary concern is a proper Christian education for their child. Others might say they want their child to go where there won't be so many poor kids or black kids or whatever, but I've never had anybody, a friend or a member of my family, and some of my family have attended private schools, ever say that it was for any reason other than religious education.

There are a very narrow band of people who are in colleges and universities for religious education, and we don't help them with Federal money. So it's not a very good analogy for you to follow out to its logical conclusion.

Secretary ALEXANDER. Can you not take a Pell grant to Notre Dame, Mr. Chairman, or the Holy Cross?

Chairman FORD. Absolutely, so long as you are not attending that school in a course of study on religion. You can incidentally, if your school provides one, go to chapel every morning, but you can't go there to study to be a minister or a priest with the program.

And that was done to protect us against law suits. We've never successfully been sued on higher education going to any kind of a private institution.

Secretary ALEXANDER. I understand your point about the court's ruling about the establishment clause of the First Amendment. It does place limits, but I don't see so much difference between the elementary education you might get at a parochial school in Manhattan and the college education you might get at Fordham or Holy Cross.

Chairman FORD. Well, I'd like to send you an article I wrote a number of years ago for a publication called, "Education and the Law," on a study of the *Lemon* v. *Kurtzman* package of cases and what came before it.

Secretary ALEXANDER. Okay.

Chairman FORD. And that's when the court finally nailed it down and said, "Look, we're just going to assume that a purpose of elementary and secondary education in a private school is the inculcating or teaching of religion so don't bring us back any more cases and try to make a distinction."

In that same package of cases, however, they upheld the idea of public money being in a private institution of higher education because people don't go off to college or send their child off to college to teach them to be a good member of their religion, as a general rule.

Now, I started that article with a statement that I think went, "If you're looking for the wall of separation between church and State and you're trying to picture something like the Great Wall of China, you'll be disappointed because the Supreme Court has constructed a wall based on smoke, and they, when it's convenient, have gone over, under, around and through it to justify aid for colleges and universities. And they've gone over, under, around and through it to deny aid to elementary and secondary schools."

I can understand the frustration of parents who feel the court hasn't dealt with them fairly, but it's pretty well settled that we don't want to get back into that fight. Those are the kind of issues that for 20 to 30 years tied up Federal aid to education in the days when the southerners in this Congress were the great advocates of Federal aid to education.

And the first chairman of this committee, who was from my State, and I succeeded his son in Congress, said he was not going to let any legislation go through here unless Catholic—he didn't say public or nonpublic, he said Catholic—kids shared dollar for dollar with the public school kids.

He was then succeeded by a gentleman from North Carolina who took exactly the opposite position. "There is not going to be any Federal aid to education if one dime goes to those Catholics." And so that's where we sat here for many years, until finally it became politically untenable for southern populace to continue to support Federal aid. In 1954, that became very much out of vogue for people in the south and some people in the north because of school desegregation.

Let me just add one thing about the formula. From the very earliest days on this committee, I was on the subcommittee that wrote that formula, and I didn't like it. And I had, as a mentor on this committee, Jim O'Hara from Michigan who had come a few years ahead of me. And we had Hugh Carey from New York who later became Governor, and we had John Brademas.

And none of us liked that formula because we looked at it from the areas of the country we were from and said, "This is going to shovel all the money into the rural south." We subsequently found out that was part of the Johnson strategy to get the thing passed because I have in my office from the Johnson papers at the Johnson library memos that were sent to him while we were considering the act.

I'm very pleased with one of them that said, "Mr. President, you've got to get Adam Powell to move that bill quick because O'Hara and Carey and Brademas and this new kid that they've got from Detroit named Ford have figured out your formula and they're going to shoot it down if it stays in the committee very much longer."

Now, we tried for years to figure a better way to do it. And the reason we couldn't beat the formula in Title I is that in this town you can not beat something with nothing. You have to have something to beat something.

Over all those years, with no little bit of effort by us and all our friends in education, we tried to find a better way to do it and couldn't do it. And that's why it's so imperfect. It's because it's as close to a real measurement as you can get.

And as I sit here talking to you, it's becoming obsolete already. We don't even have the numbers that will distribute Chapter One money for the next 10 years, and a lot of them are already obsolete. They will be obsolete the minute that they're published because for 10 years it presupposes that everybody stayed frozen in place on April of 1990, and they didn't. They've already moved around and changed, and their circumstances have changed. But for 10 years, we're going to pass the money out.

Nobody on this committee will defend that kind of rigidity in a formula. And if you can come up with a formula that more accurately measures down to a finer distribution system than we have, you'll have a lot of people attentively listening here. But until you do that, you've got to limp along with this beat up old hack we've got because nobody has ever been able to figure out how to make it better.

And it is terribly frustrating to look at it. It's almost impossible to explain to a lay person why we came up with this stupid way of doing it, except it has one virtue: It gets Federal aid into 95 percent of all the school districts in the country, and no other formula that we could come up with that would pass muster with the court does that.

And every time you start looking for an alternative, you find out that it either shoves the money toward the west coast or the east coast or the north or the south, and you can't make changes.

So I'm bringing all of this up simply to indicate that there is a growing growling taking place out there. We're hearing from public school people because they're taking you at your word that you're going to transfer Chapter One money out of Chapter One schools.

And if you have an occasion to put that to rest soon, it will be helpful because we don't need those public school people getting all riled up for another fight.

The Secretary has an appointment and I'm taking him past his appointment. I'm very sorry. I apologize.

Secretary ALEXANDER. No, no, this is helpful. I appreciate it and I've enjoyed this. Thank you for inviting me.

Chairman FORD. Well, we certainly have enjoyed having you. And I mean what I said about this is the way we treat a friend. You should see how we treated your predecessors.

One of your predecessors was here yesterday. Ted Bell was up here, but he was talking about job corps. He was one of the most admired people who ever had your job by members on both sides of the aisle here and one of the most admired educators in this country. But not everybody has been treated as gently in your job, as I indicated earlier, not because of the words "Secretary of Education," I might say.

This committee was very reluctant about creating the Department, but once it was created it became fiercely and violently opposed to a President who wanted to abolish it. And you don't have any idea how much different it is in only 10 years to hear what you've been saying about Federal aid to education than what we were hearing for a period of time.

So you've opened the doors here, Mr. Secretary, without any fear of exaggerating, to more cooperation than any of your predecessors have ever had, and I hope you take advantage of it.

Secretary ALEXANDER. Thank you, Mr. Chairman.

[Whereupon, at 12:50 p.m., the committee was adjourned, subject to the call of the chair.]

[Additional material submitted for the record follows.]

STATEMENT OF HON. RON DE LUGO, A DELEGATE TO CONGRESS FROM THE VIRGIN ISLANDS

Mr. Chairman, I thank you and the members of this distinguished committee for the opportunity to join you here this morning as you continue hearings on higher education in America.

I want to commend you, Secretary Alexander, on your appointment and confirmation as the Nation's Education Secretary. You certainly have the credentials, the proven commitment, and the support of Americans who want to see our President fulfill his promise to be an "Education President."

My remarks will be brief. As the Chairman of the Subcommittee on Insular and International Affairs, I want to take this opportunity to impress upon you, if I may, Mr. Secretary, the importance of this country's insular and outlying areas. Far from the mainstream, they are this Nation's outposts in the Caribbean and the Pacific. Though small in size, they wield considerable influence in those regions.

For example, in my home, the University of the Virgin Islands has established an Eastern Caribbean Center for learning that has attracted students and scholars from more than a dozen island nations. When their studies are complete, they return to their homes to share the American experience and the American influence with their countrymen and women.

Our Virgin Islands public school system has become a mecca for thousands of students from throughout the region, helping to erect new bridges of learning and understanding throughout the Caribbean.

But this has not come without a price. The Virgin Islands has, at times, struggled to cope with so many seeking an American education, and this has strained our system and our community. It has created very special needs today.

Mr. Secretary, as the President proposes education strategy, such as America 2000, as this Congress develops education policy, and as the administration implements it, we must take special care to include all of the American people. Innovative programs such as the "New Generation of Schools," if they do become a part of our education strategy, must include the territories and commonwealths of the insular areas where new approaches to education are, if anywhere, even more critically necessary.

I pledge my 100 percent support for education and America's future in education, through policies and programs that will allow every American, regardless of race, color, or location, to excel and to be a part of the American dream in the next century.

Thank you, Mr. Chairman.

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